



# CONTENTS

- 2** Independent Review Report
- 3** Condensed Consolidated Income Statement
- 4** Condensed Consolidated Statement of Comprehensive Income
- 5** Condensed Consolidated Balance Sheet
- 7** Condensed Consolidated Statement of Changes in Equity
- 8** Condensed Consolidated Cash Flow Statement
- 9** Notes to the Condensed Consolidated Interim Financial Information
- 23** Management Discussion and Analysis
- 28** Additional Information

# INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF  
AUTOMATED SYSTEMS HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 3 to 22, which comprises the condensed consolidated balance sheet of Automated Systems Holdings Limited (the "Company") as at 30th June 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

## Grant Thornton Hong Kong Limited

*Certified Public Accountants*

20th Floor, Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

22nd August 2012

## Shaw Chi Kit

Practising Certificate No.: P04834



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2012

		Unaudited Six months ended 30th June	
	Notes	2012 HK\$'000	2011 HK\$'000 (Restated)
<b>Revenue</b>	6	<b>891,019</b>	761,142
Cost of goods sold		(469,604)	(412,786)
Cost of services rendered		(312,787)	(259,817)
Other income	7	1,153	1,778
Other loss, net	8	(2,211)	(620)
Selling expenses		(43,536)	(35,926)
Administrative expenses		(38,012)	(30,342)
Finance income	9	718	396
Finance costs		(76)	—
Share of results of associates		228	468
<b>Profit before income tax</b>	10	<b>26,892</b>	24,293
Income tax expense	11	(4,949)	(5,509)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>21,943</b>	18,784
<b>Earnings per share attributable to equity holders of the Company</b>		<b>HK cents</b>	HK cents
Basic and diluted earnings per share	13	7.05	6.03

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2012

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
<b>Profit for the period</b>	<b>21,943</b>	18,784
<b>Other comprehensive income:</b>		
Exchange differences on translation of overseas operations	<u>312</u>	<u>295</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b><u>22,255</u></b>	<b><u>19,079</u></b>

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2012

		Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	171,180	176,912
Investment properties	15	28,700	28,700
Intangible assets	16	11,528	10,593
Goodwill		34,682	34,213
Interests in associates		546	1,287
Trade receivables	17	1,823	1,729
Finance lease receivables		28,602	16,013
Long-term bank deposit	19	12	155
Restricted bank deposits	19	50	498
Deferred income tax assets		1,399	1,001
		<b>278,522</b>	271,101
<b>CURRENT ASSETS</b>			
Inventories		99,378	100,658
Trade receivables	17	166,967	206,953
Finance lease receivables		17,109	6,724
Other receivables, deposits and prepayments	18	38,487	23,645
Amounts due from customers for contract work		200,626	190,615
Tax recoverable		583	785
Restricted bank deposits	19	4,356	362
Short-term bank deposit	19	144	—
Cash and cash equivalents	19	144,704	108,404
		<b>672,354</b>	638,146
<b>TOTAL ASSETS</b>		<b>950,876</b>	909,247
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	22	31,140	31,140
Share premium		104,947	104,947
Reserves		377,254	371,540
<b>TOTAL EQUITY</b>		<b>513,341</b>	507,627

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

As at 30th June 2012

	Notes	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Trade payables	20	3,143	—
Contingent consideration payable	23	12,572	9,211
Deferred income tax liabilities		23,045	23,385
		<u>38,760</u>	<u>32,596</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	20	205,652	200,432
Other payables and accruals	21	47,688	44,212
Receipts in advance		137,792	114,462
Current income tax liabilities		7,643	5,644
Contingent consideration payable	23	—	4,274
		<u>398,775</u>	<u>369,024</u>
<b>TOTAL LIABILITIES</b>		<u>437,535</u>	<u>401,620</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>950,876</u>	<u>909,247</u>
<b>NET CURRENT ASSETS</b>		<u>273,579</u>	<u>269,122</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>552,101</u>	<u>540,223</u>

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2012

	Unaudited							
	Share capital	Share premium	Special reserve	Property revaluation reserve	Translation reserve	Share option reserves	Retained earnings	Total
	HK\$'000	HK\$'000	Note (i) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2011	31,140	104,947	34,350	63,685	3,277	—	219,842	457,241
Profit for the period	—	—	—	—	—	—	18,784	18,784
Other comprehensive income:								
Exchange differences on translation of overseas operations	—	—	—	—	295	—	—	295
Total comprehensive income for the period	—	—	—	—	295	—	18,784	19,079
Transaction with owners								
Forfeiture of unclaimed dividends	—	—	—	—	—	—	40	40
Final dividend for the nine months ended 31st December 2010	—	—	—	—	—	—	(12,456)	(12,456)
Total transaction with owners	—	—	—	—	—	—	(12,416)	(12,416)
As at 30th June 2011	31,140	104,947	34,350	63,685	3,572	—	226,210	463,904
As at 1st January 2012	31,140	104,947	34,350	83,844	1,099	—	252,247	507,627
Profit for the period	—	—	—	—	—	—	21,943	21,943
Other comprehensive income:								
Exchange differences on translation of overseas operations	—	—	—	—	312	—	—	312
Total comprehensive income for the period	—	—	—	—	312	—	21,943	22,255
Transaction with owners								
Final dividend for the year ended 31st December 2011	—	—	—	—	—	—	(17,127)	(17,127)
Recognition of equity-settled share-based payments	—	—	—	—	—	586	—	586
Total transaction with owners	—	—	—	—	—	586	(17,127)	(16,541)
<b>As at 30th June 2012</b>	<b>31,140</b>	<b>104,947</b>	<b>34,350</b>	<b>83,844</b>	<b>1,411</b>	<b>586</b>	<b>257,063</b>	<b>513,341</b>

Note (i): The special reserve of the Company and its subsidiaries (the "Group") represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997.

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.





## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2012

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
<b>Cash flows from operating activities</b>	<b>60,898</b>	41,247
<b>Cash flows used in investing activities</b>	<b>(7,280)</b>	(29,838)
<b>Cash flows used in financing activities</b>	<b>(17,128)</b>	(12,459)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>36,490</b>	(1,050)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>108,404</b>	195,552
Effect of foreign exchange rate changes	(190)	73
<b>Cash and cash equivalents at the end of the period</b>	<b>144,704</b>	194,575

The notes on pages 9 to 22 form an integral part of this condensed consolidated interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30th June 2012

## 1 General information

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22nd August 2012.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2012 has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 3 Principal accounting policies

The accounting policies applied in these condensed consolidated interim financial information are consistent with those of the financial statements for the year ended 31st December 2011, as described in those financial statements.

## 4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for year ended 31st December 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

## 5 Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as at 31st December 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

The Group is exposed to foreign exchange risk arising from Singapore dollars ("S\$"). Foreign exchange risk arises from recognised assets and liabilities. As at 30th June 2012, if S\$ had weakened/strengthened by 5% against the Hong Kong dollars ("HK\$") with all other variables held constant, profit for the period would have been HK\$629,000 higher/lower, mainly a result of the foreign exchange difference on translation of S\$ denominated liabilities (six months ended 30th June 2011: HK\$732,000).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 5 Financial risk management (Cont'd)

#### 5.2 Liquidity risk

Comparing to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for the contingent consideration payable associated with the acquisition of i-Sprint Innovations Pte. Ltd. ("i-Sprint") (Note 23). Depending on the upcoming financial performance of i-Sprint, the cash consideration for this acquisition may range from S\$6,000,000 (HK\$36,000,000) to S\$7,900,000 (HK\$47,400,000). As at 30th June 2012, S\$5,500,000 (HK\$33,924,000) of the acquisition costs had been settled and financial liabilities of S\$2,073,000 (HK\$12,572,000) were recognised in the condensed consolidated balance sheet for the remaining portion of the fair value of the contingent consideration. The Group expects to settle this financial liability based on the payment schedule as specified in the corresponding sales and purchase agreement, over one year.

#### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial liabilities that are measured at fair value as at 30th June 2012 and 31st December 2011:

#### As at 30th June 2012

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities				
Contingent consideration payable	—	—	12,572	12,572
Total liabilities	—	—	12,572	12,572

#### As at 31st December 2011

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities				
Contingent consideration payable	—	—	13,485	13,485
Total liabilities	—	—	13,485	13,485



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 6 Revenue and segment information

Revenue represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, and revenue from service contracts, and is analysed as follows:

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Sales of goods	523,929	460,469
Revenue from service contracts	367,090	300,673
	891,019	761,142

The chief operating decision maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess the performance and allocate resources. The Board has determined the operating segments based on the Group's internal reporting.

The Group is currently organised into two (six months ended 30th June 2011: two) operating divisions — Information Technology Products ("IT Products") and Information Technology Services ("IT Services"). These divisions are the basis on which the Group reports its primary segment information to the chief operating decision maker. The business nature of each segment is disclosed as follows:

#### **IT Products**

Being the business of information technology in supplying of information technology and associated products.

#### **IT Services**

Being the business of information technology in providing systems integration, software and consulting services, engineering support for products and solutions and managed services.

The Group's revenue and results by operating segment for the period under review are presented below:

	Unaudited Six months ended 30th June 2012		
	IT Products HK\$'000	IT Services HK\$'000	Total Group HK\$'000
Revenue from external customers	523,929	367,090	891,019
Intersegment revenue	8,225	15,425	23,650
Segment revenue	532,154	382,515	914,669
Reportable segment profit	17,160	48,485	65,645
Segment depreciation	1,082	5,202	6,284
Segment amortisation	—	1,257	1,257
Additions to property, plant and equipment	96	2,643	2,739
Additions to intangible assets	—	2,129	2,129



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 6 Revenue and segment information (Cont'd)

The Group's revenue and results by operating segment for the period under review are presented below: (Cont'd)

	Unaudited Six months ended 30th June 2011		Total Group HK\$'000
	IT Products HK\$'000	IT Services HK\$'000	
Revenue from external customers	460,469	300,673	761,142
Intersegment revenue	<u>9,630</u>	<u>16,748</u>	<u>26,378</u>
Segment revenue	470,099	317,421	787,520
Reportable segment profit	21,433	30,148	51,581
Segment depreciation	1,262	4,469	5,731
Segment amortisation	—	883	883
Additions to property, plant and equipment	615	3,171	3,786
Additions to intangible assets	—	12,035	12,035
Additions to goodwill	<u>—</u>	<u>32,920</u>	<u>32,920</u>

The Group's assets and liabilities by operating segment for the period under review are presented below:

	IT Products HK\$'000	IT Services HK\$'000	Total Group HK\$'000
<b>Unaudited</b>			
<b>As at 30th June 2012</b>			
Reportable segment assets	258,605	329,922	588,527
Reportable segment liabilities	<u>194,436</u>	<u>166,791</u>	<u>361,227</u>
<b>Audited</b>			
<b>As at 31st December 2011</b>			
Reportable segment assets	287,972	306,393	594,365
Reportable segment liabilities	<u>182,163</u>	<u>144,721</u>	<u>326,884</u>

- (a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit that is used by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Income tax expense is not allocated to reportable segments.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

Reportable segment profit is profit before income tax, excluding share of results of associates, unallocated other income, unallocated other loss, net, unallocated depreciation for property, plant and equipment that are used for all segments, unallocated finance costs and other corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, deferred income tax assets, restricted bank deposits, cash and cash equivalents, short-term bank deposit, long-term bank deposit and unallocated corporate assets (mainly include property, plant and equipment, investment properties and intangible assets that are used by all segments, prepayments and deposits).

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities (mainly include accrued charges of the head office).

Additions to non-current assets comprise additions to property, plant and equipment and intangible assets.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 6 Revenue and segment information (Cont'd)

- (b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities  
Reportable segment revenue, profit or loss, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows:

Revenue	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Reportable segment revenue	914,669	787,520
Elimination of intersegment revenue	<u>(23,650)</u>	<u>(26,378)</u>
Revenue per condensed consolidated income statement	<u><u>891,019</u></u>	<u><u>761,142</u></u>

Intersegment revenue is charged at cost plus a percentage profit mark-up.

Profit or loss	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Reportable segment profit	65,645	51,581
Unallocated amounts:		
Unallocated other income	1,060	1,766
Unallocated other loss, net	(1,953)	(60)
Unallocated depreciation	(2,989)	(2,592)
Share of results of associates	228	468
Unallocated finance costs	(76)	—
Unallocated corporate expenses	<u>(35,023)</u>	<u>(26,870)</u>
Profit before income tax per condensed consolidated income statement	<u><u>26,892</u></u>	<u><u>24,293</u></u>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 6 Revenue and segment information (Cont'd)

(b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities (Cont'd)

Assets	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Reportable segment assets	588,527	594,365
Unallocated assets:		
Interests in associates	546	1,287
Deferred income tax assets	1,399	1,001
Unallocated restricted bank deposits	4,406	860
Unallocated cash and cash equivalents	144,704	108,404
Unallocated short-term bank deposit	144	—
Unallocated long-term bank deposit	12	155
Unallocated corporate assets	211,138	203,175
Total assets per condensed consolidated balance sheet	950,876	909,247

Liabilities	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Reportable segment liabilities	361,227	326,884
Unallocated liabilities:		
Current income tax liabilities	7,643	5,644
Deferred income tax liabilities	23,045	23,385
Unallocated corporate liabilities	45,620	45,707
Total liabilities per condensed consolidated balance sheet	437,535	401,620

The Group's businesses and segment assets are all located in the respective place of domicile of the relevant Group entities which include Hong Kong, Guangzhou, Macau, Singapore, Taiwan and Thailand.

Place of domicile	Revenue from external customers		Non-current assets	
	Unaudited Six months ended 30th June 2012 HK\$'000	2011 HK\$'000	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Hong Kong	745,665	682,684	201,353	207,230
Guangzhou	10,155	3,557	488	229
Macau	27,447	17,747	2,149	3,646
Singapore	26,368	5,363	45,719	44,311
Taiwan	50,259	22,757	12,680	579
Thailand	30,009	28,677	16,055	15,052
Others	1,116	357	78	54
	891,019	761,142	278,522	271,101



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 7 Other income

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Interest on bank deposits	94	203
Rental income from investment properties	748	748
Others	311	827
	<u>1,153</u>	<u>1,778</u>

### 8 Other loss, net

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Contingent consideration payable		
— Fair value loss	(1,210)	(477)
Loss on disposal of property, plant and equipment	(171)	(14)
Net exchange loss	(1,083)	(129)
Net fair value gain on foreign forward contract	253	—
	<u>(2,211)</u>	<u>(620)</u>

### 9 Finance income

Finance income represented accretion of discounts recognised upon initial recognition of loans and receivables to their fair values.

### 10 Profit before income tax

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Profit before income tax has been arrived after charging/(crediting):		
Depreciation and amortisation:		
Property, plant and equipment	9,273	8,323
Intangible assets	1,257	883
Loss on disposal of property, plant and equipment	171	14
Provision for impairment of trade receivables	—	188
Reversal of provision for impairment of trade receivables	(180)	—
Staff costs	259,202	210,652
	<u>259,202</u>	<u>210,652</u>





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 11 Income tax expense

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Current taxation:		
Hong Kong profits tax	4,959	4,948
Overseas taxation	377	339
Under/(Over)-provision in prior period:		
Hong Kong profits tax	392	39
Overseas taxation	(9)	23
	<u>5,719</u>	<u>5,349</u>
Deferred taxation:		
Current period	(770)	160
Income tax expense	<u>4,949</u>	<u>5,509</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June 2011: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

### 12 Dividends

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Dividend recognised as distribution during the period:		
Final dividend in respect of the year ended 31st December 2011 of 5.5 HK cents per share (nine months ended 31st December 2010 of 4.0 HK cents per share)	<u>17,127</u>	<u>12,456</u>

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2012 (six months ended 30th June 2011: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 13 Earnings per share

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	21,943	18,784

	Number of shares	
	2012 '000	2011 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	311,403	311,403

On 19th March 2012 and 2nd May 2012, the Company has granted share options to certain eligible persons under the share option scheme of the Company adopted on 8th August 2002, to subscribe for a total of 6,900,000 and 6,755,000 ordinary shares of HK\$0.10 each of the Company respectively.

Diluted earnings per share for the six months ended 30th June 2012 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

### 14 Property, plant and equipment

During the six months period ended 30th June 2012, the addition of property, plant and equipment was HK\$3,763,000 (six months ended 30th June 2011: HK\$5,130,000) mainly for computers and office equipment.

During the six months period ended 30th June 2012, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$223,000 (six months ended 30th June 2011: HK\$111,000), resulting in a loss on disposal of HK\$171,000 (six months ended 30th June 2011: HK\$14,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2011 less depreciation. The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2011 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2012, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings did not differ significantly from their fair values.

If the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated interim financial information at historical cost, less accumulated depreciation of HK\$51,464,000 (31st December 2011: HK\$52,497,000).

The Group's interest in leasehold land represents finance lease payments held in Hong Kong with term within 50 years.

As at 30th June 2012, the Group has pledged leasehold land and buildings having a carrying amount of HK\$147,789,000 (31st December 2011: HK\$149,900,000) for banking facilities granted to the Group.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 15 Investment properties

The investment properties of the Group were last revalued at 31st December 2011 by DTZ Debenham Tie Leung Limited, an independent professional valuer, on the basis of open market value.

As at 30th June 2012, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts did not differ significantly from their fair values.

As at 30th June 2012, the Group has pledged investment properties having a carrying amount of HK\$28,700,000 (31st December 2011: HK\$28,700,000) for banking facilities granted to the Group.

### 16 Intangible assets

*Customer relationships, software technology and customer contracts*

The acquired customer relationships, software technology and customer contracts in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation.

*Deferred development costs*

During the six months period ended 30th June 2012, the addition of deferred development costs were HK\$2,129,000 (six months ended 30th June 2011: Nil) for clearly-defined projects that will be recovered through future commercial activity.

*Club memberships*

Club memberships with indefinite useful lives are stated at cost less any identified impairment loss and are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired.

### 17 Trade receivables

The Group has granted credit to substantially all of its customers for 30 days and has credit control procedures to minimise credit risk. Overdue balances are reviewed regularly by senior management.

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Trade receivables	168,790	209,197
Less: provision for impairment of receivables	—	(515)
Trade receivables – net	168,790	208,682
Less: non-current portion of trade receivables	(1,823)	(1,729)
Current portion of trade receivables	166,967	206,953

All non-current receivables are due within five years from the balance sheet date.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 17 Trade receivables (Cont'd)

An ageing analysis of the gross trade receivables as at the balance sheet date, based on ageing from payment due date, is as follows:

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Current	109,615	143,950
Within 30 days	23,165	28,702
31–60 days	8,176	15,567
61–90 days	8,464	7,493
Over 90 days	19,370	13,485
	<u>168,790</u>	<u>209,197</u>
	<u>168,790</u>	<u>209,197</u>

### 18 Other receivables, deposits and prepayments

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Other receivables	4,532	2,614
Deposits	6,013	5,649
Prepayments	26,320	14,436
Amount due from the ultimate holding company	649	946
Amount due from an associate	973	—
	<u>38,487</u>	<u>23,645</u>
	<u>38,487</u>	<u>23,645</u>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 19 Long-term and short-term bank deposit, restricted bank deposits and cash and cash equivalents

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Cash at bank and on hand	143,038	100,244
Bank deposits	1,666	8,160
Cash and cash equivalents	144,704	108,404
Restricted bank deposits	4,406	860
Less: non-current portion	(50)	(498)
Current portion of restricted bank deposits	4,356	362
Short-term bank deposit	144	—
Long-term bank deposit	12	155

Restricted bank deposits represented fixed term deposits placed in commercial banks that were pledged against banking facilities and performance bonds granted to the Group.

Short-term bank deposit represented fixed term deposit placed in commercial banks whose maturity date is over 3 months but less than 1 year.

Long-term bank deposit represented fixed term deposit placed in commercial banks whose maturity date is over 1 year.

### 20 Trade payables

An ageing analysis of the trade payables as at the balance sheet date, based on payment due date, is as follows:

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Current	110,324	114,313
Within 30 days	65,388	54,988
31–60 days	19,111	21,491
61–90 days	4,318	2,206
Over 90 days	9,654	7,434
	208,795	200,432



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 21 Other payables and accruals

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Other payables and accruals	45,707	42,752
Amounts due to intermediate holding company	46	—
Amount due to associates	1,935	1,460
	47,688	44,212

### 22 Share capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 30th June 2012 and 31st December 2011	600,000	60,000
Issued and fully paid:		
At 30th June 2012 and 31st December 2011	311,403	31,140

### 23 Contingent consideration payable

Depending on the upcoming financial performance of i-Sprint, the cash consideration for this acquisition may range from S\$6,000,000 (equivalent to HK\$36,000,000) to S\$7,900,000 (equivalent to HK\$47,400,000). S\$5,500,000 (equivalent to HK\$33,924,000) was paid. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between S\$500,000 (equivalent to HK\$3,032,000) and S\$2,400,000 (equivalent to HK\$14,554,000). The fair value of the amount payable of S\$2,073,000 (equivalent to HK\$12,572,000) was recognised as contingent consideration payable. The amount was estimated based on an assumed probability weighting in fulfilling the performance requirements, using a discount rate of 15%.

### 24 Contingent liabilities

At 30th June 2012, bank deposits held as security for banking facilities amounted to HK\$4,406,000 (31st December 2011: HK\$860,000). As at 30th June 2012, the amount of available bank facilities was HK\$114,405,000 (31st December 2011: HK\$110,860,000) and performance bond of HK\$37,175,000 (31st December 2011: HK\$32,216,000) have been issued by the Group to customers as security of contracts.

Corporate guarantee to vendors as security for goods supplied to the Group amounted to HK\$44,537,000 as at 30th June 2012 (31st December 2011: HK\$44,600,000). The amount utilised against goods supplied as at 30th June 2012 which was secured by the corporate guarantee was HK\$2,809,000 (31st December 2011: HK\$1,176,000).

### 25 Pledge of assets

At 30th June 2012, the Group's leasehold land and buildings of HK\$147,789,000 (31st December 2011: HK\$149,900,000) and investment properties of HK\$28,700,000 (31st December 2011: HK\$28,700,000) were pledged to secure the banking facilities of the Group.

At 30th June 2012, the Group's restricted bank balances of HK\$4,406,000 (31st December 2011: HK\$860,000) were pledged to secure the banking facilities of the Group.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

### 26 Capital commitments

At 30th June 2012, the Group has contracted capital commitments of HK\$513,000 (31st December 2011: HK\$420,000).

### 27 Seasonality

Sales of products and the provision of related services are not subject to obvious seasonal factors.

### 28 Related party transactions

As at 30th June 2012, Teamsun Technology (HK) Limited owns 67.05% of the Company's shares. The remaining 32.95% of the shares are widely held at 30th June 2012. The ultimate parent company of the Company is Beijing Teamsun Technology Co., Ltd. (30th June 2011: Same).

(a) During the period, the Group had the following transactions with related parties:

Nature of transactions	Unaudited Six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
<b>Ultimate holding company:</b>		
Purchase by the Group	207	20
Expenses charged to the Group	227	227
Sales by the Group	—	301
Other income charged by the Group	6	318
<b>Fellow subsidiaries:</b>		
Purchase by the Group	—	71
<b>Immediate holding company:</b>		
Expenses charged by the Group	—	250
Expenses charged to the Group	46	42
<b>The associates:</b>		
Sales by the Group	—	88
Purchases by the Group	2,650	1,739
Staff costs charged to the Group	54	360
Rental and administrative expenses charged to the Group	—	78
Other income charged by the Group	32	—
Rental income charged by the Group	123	78

(b) The remuneration of key management personnel for the six months ended 30th June 2012 amounted to HK\$7,822,000 (six months ended 30th June 2011: HK\$3,360,000).

### 29 Comparative figures

Certain comparative figures have been reclassified from selling and administrative expense to other loss, net to conform to current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the six months ended 30th June 2012, the revenue of the Group was HK\$891.0 million, higher by 17.1% compared to the same period last year. For the three months ended 30th June 2012, the revenue of the Group was HK\$403.8 million, higher by 19.3% compared to the same period last year.

For the six months ended 30th June 2012, the product sales and service revenue were HK\$523.9 million and HK\$367.1 million, increasing by 13.8% and 22.1% respectively compared with the corresponding period last year. Product sales and service revenue contributed 58.8% and 41.2% to total revenue respectively, compared to 60.5% and 39.5% with the corresponding period last year. For the three months ended 30th June 2012, the product sales and service revenue were HK\$215.7 million and HK\$188.1 million, increasing by 21.8% and 16.4% respectively compared with the corresponding period last year.

For the six months ended 30th June 2012, commercial and public sector sales contributed 46.4% and 53.6% to revenue respectively, compared to 39.8% and 60.2% for the corresponding period in 2011. For the three months ended 30th June 2012, commercial and public sector sales contributed 49.1% and 50.9% to revenue respectively, compared to 46.6% and 53.4% for the corresponding period in 2011.

Gross profit margin and profit after income tax were 12.2% and HK\$21.9 million for the first six months, higher by 0.6% and 16.8% respectively compared to the corresponding period last year. For the three months ended 30th June 2012, profit after income tax was HK\$8.5 million, higher by 54.3% compared to the corresponding period last year. During the period under review, the increase in gross profit margin and profit after income tax was mainly attributable to the significant improvement in the gross profit margin of service business, especially that in solutions business, thereby partly offset the increase in operating costs.

During the six months ended 30th June 2012, orders newly secured by the Group amounted to approximately HK\$937.0 million, representing an increase of 7.1% as compared with the corresponding period in 2011. As of 30th June 2012, the order book balance was approximately HK\$754.2 million, an increase of HK\$40.5 million compared to 31st December last year. The Group's net cash stood at approximately HK\$144.7 million with a working capital ratio of 1.69:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

### Business Review

For the six months ended 30th June 2012, the Group's business continued to grow, with revenue increasing 17.1% as compared to the period from January to June 2011.

During the period under review, the Group strived to provide application-related services to both public and commercial sectors. We customised various kinds of applications with related services to meet the diverse needs of regional markets.

In the public sector, the Group continued to play an important role in supporting the Hong Kong SAR Government in the adoption of IT services to improve its public services. In May 2012, the Group was selected as one of the Government's Public Cloud Service Providers. In addition, we were awarded a number of major orders from the Government to provide applications and a cloud-enabled platform for several government departments. These orders served as a solid foundation for us to capture future government projects.





## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Business Review (Cont'd)

In the commercial sector, the Group also embarked on developing a turnkey solution for a large retail group in Hong Kong, transforming their traditional queuing system into a digital marketing system which includes a key feature that allows customers to reserve seats online through various mobile devices, such as iPhones and Android handsets. This project exemplified our capability to customise existing popular IT solutions, such as mobility solutions and our knowledge of the field to accommodate industry-specific needs.

The Group also achieved remarkable results in capturing surging regional demand for data centers, and gained traction where relevant needs arising from managed services and infrastructure for IT services are concerned. In addition to our earlier success in winning orders in Hong Kong, Macau and Thailand, the Group has expanded its managed services work portfolio to the mainland by securing several contracts from our customers in the entertainment, transportation and financial sectors to take part in setting up a data center to support their cross-territories business and development in mainland.

Being vendor-neutral, the Group has been able to seize upon the ample opportunities generated by the demand for various kinds of solutions, such as security and business intelligence, by offering a wide range of IT and associated products. Driven by rising awareness and stringent IT security requirements and demands among commercial and public organisations, the Group secured orders from a top 10 bank in Hong Kong to enhance its Internet banking services, as well as from a financial institution which provides credit card information services to all banks in Taiwan. We are also actively involved in discussions with customers in the transportation sector to satisfy their IT requirements for managing and analysing huge volumes of data.

It is worth mentioning the Group's performance in infrastructure services. The Group demonstrated its regional service capabilities by securing an infrastructure services project from an international clothing company which covered 7 countries in the Asia-Pacific region and 3 cities in mainland China.

The promotion of Intellectual Property (IP)-based products achieved encouraging results during the first half of 2012. Following the introduction into organisations in Hong Kong in 2011 of a Geographical Information System (GIS) product by Beijing Teamsun Technology Co., Ltd. ("Teamsun"), the Group's ultimate holding company, the Group also achieved its first-of-its-kind success in customising the Teamsun system monitoring tool in Taiwan by offering Wonderland Nurserygoods Co. Ltd., the world's largest original design manufacturer of nursery products, a system monitoring solution for its operations in Dongguan and Taipei. We are keen to closely monitor any potential business opportunities by working closely with Teamsun in order to replicate our success in other regions with similar strategy.

### Outlook & Prospects

The Group will continue to focus on providing the high value-added services demanded by its customers. We will turn our industry-specific knowledge into IP-based products by making further investments in research & development. We will also continue to develop more localised products by leveraging i-Sprint Innovations Pte. Ltd. ("i-Sprint") and collaborate closely with Teamsun. Our aim is to continue to build up a wide portfolio of self-owned products, such as the human resources management systems being deployed in the Government and other IP-based products for retail, education and the property sector, making these self-owned products compatible with cloud computing and suitable for use in various industries.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Outlook & Prospects (Cont'd)

The Group also plans to further invest in its data center business in Greater China. The success of our data center service will be based on the availability of IT infrastructure, the proven process in managed services, security management and a track record for delivering excellent IT services. By capitalising on the above capabilities, we expect that this service will strengthen our competitive edge in serving our customers.

The Group will continue to focus on solutions that can move up its value chain. With a particular surge being observed in regional demand for security, the Group launched its Security Operation Center in April this year to strengthen our competitive edge in this market. Based on our on-going achievements, we will actively explore new security opportunities by enhancing our security portfolios and bundling them together with our other service offerings, such as data center services.

Leveraging on the Group's strong technical competency in software applications and solutions services, the Group plans to devote more efforts in developing software and expanding software development business with an aim of generating substantial and long-term value. The Group will offer higher margin advance technology services and enterprise software to customers through provision of new value-added services and development of self-owned software. The Group may accelerate business growth potentially by means of mergers and acquisitions whenever suitable.

The Group expects the development of cloud computing to be growing rapidly. To capitalise on these burgeoning trends, the Group has positioned itself as a trusted technology advisor and enabler of customers' cloud strategies. We will focus in particular on helping customers to define their IT strategy, design and build the platform that meets their business needs. We will strive to provide high-valued services to customers by providing them with professional consultancy services and setting up private cloud solutions.

Considering the challenge of a shortage in IT professionals, the Group will utilise its ISO-certified Outsourcing Delivery Excellence Center in Zhuhai, which has a group of well-trained and experienced application development professionals to ensure the level of the Group's services. Furthermore, we will continue to work closely in partnership with local universities to create a wealth of highly talented IT professionals who can meet our operational needs.

Looking ahead, we will train up our talent by increasing our training budget to maintain our competitive edge, as we are in a service-oriented business which greatly relies on high-quality individuals. We will seek to further enhance our service quality by ensuring that our work is up to international standards, and by doing so, be able to attain the highest possible levels of customer satisfaction. Lastly, we will continue to implement cost-effective measures, and fully utilise the Group's and Teamsun's capabilities. With the above initiatives in place, we remain optimistic of our business prospects.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Financial Resources and Liquidity

As at 30th June 2012, the Group's total assets of HK\$950.9 million were financed by current liabilities of HK\$398.8 million, non-current liabilities of HK\$38.8 million and shareholders' equity of HK\$513.3 million. The Group had a working capital ratio of approximately 1.69:1.

As at 30th June 2012, the Group had an aggregate composite banking facility from banks of approximately HK\$114.4 million (31st December 2011: HK\$110.9 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK\$176.5 million (31st December 2011: HK\$178.6 million) and restricted bank deposits of approximately HK\$4.4 million (31st December 2011: HK\$0.9 million) for banking facilities and performance bonds granted to the Group respectively. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$37.2 million as at 30th June 2012 (31st December 2011: HK\$32.2 million). The Group's gearing ratio was zero as at 30th June 2012 (31st December 2011: Zero).

### Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities provided by banks. Bank facilities available for the Group include trust receipt loans, overdrafts and term loans. The interest rates of most of them are fixed by reference to the respective countries' Interbank Offer Rate. The bank deposits are mainly denominated in Hong Kong dollars and United States dollars ("US dollars").

### Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the six months ended 30th June 2012 (six months ended 30th June 2011: Same).

After the acquisition of i-Sprint, the Group is exposed to foreign exchange risk arising from Singapore dollar ("S\$"). Foreign exchange risk arises from recognised assets and liabilities. As at 30th June 2012, if S\$ had weakened/strengthened by 5% against the HK\$ with all other variables held constant, profit for the period would have been approximately HK\$629,000 higher/lower, mainly a result of the foreign exchange difference on translation of S\$ denominated liabilities (six months ended 30th June 2011: HK\$732,000).

To manage the foreign currency risk arising from S\$, the Group had entered into a forward exchange contract. A net gain of HK\$253,000 (six months ended 30th June 2011: Nil) was recognised in the Group's condensed consolidated income statement.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Contingent Liabilities

As at 30th June 2012, bank deposits held as security for banking facilities amounted to approximately HK\$4.4 million (31st December 2011: HK\$0.9 million). At 30th June 2012, performance bonds of HK\$37.2 million (31st December 2011: HK\$32.2 million) have been issued by the Group to customers as security of contracts.

Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$44.5 million as at 30th June 2012 (31st December 2011: HK\$44.6 million). The amount utilised against goods supplied as at 30th June 2012 which was secured by the corporate guarantee was approximately HK\$2.8 million (31st December 2011: HK\$1.2 million).

### Capital Commitment

As at 30th June 2012, the contracted capital commitments of the Group were HK\$0.5 million (31st December 2011: HK\$0.4 million).

### Employee and Remuneration Policies

As at 30th June 2012, the Group, excluding its associates, employed 1,773 permanent and contract staff in Hong Kong, mainland China, Taiwan, Macau, Thailand, Singapore and Malaysia. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share options scheme.



## ADDITIONAL INFORMATION

### Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2012 (six months ended 30th June 2011: Nil).

### Directors' Interests in Shares and Underlying Shares

As at 30th June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange ("Directors' Interests in Shares and Underlying Shares"), were as follows:

#### (a) Shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate % of shareholding
Automated Systems Holdings Limited	Lai Yam Ting, Ready	3,949,621	—	—	—	3,949,621	1.27%
	Hui Wing Choy, Henry	912,000 <sup>1</sup>	—	—	—	912,000	0.29%
Automated Systems (H.K.) Limited	Lai Yam Ting, Ready	1,070,000 <sup>2</sup>	—	—	—	1,070,000	N/A <sup>3</sup>
Beijing Teamsun Technology Co., Ltd. ("Teamsun")	Hu Liankui	30,430,477	—	—	—	30,430,477	4.67%
	Wang Weihang	64,587,446	—	—	—	64,587,446	9.91%

#### (b) Underlying shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total
Automated Systems Holdings Limited	Hui Wing Choy, Henry	2,609,000 <sup>4</sup>	—	—	—	2,609,000
	Leung Tat Kwong, Simon	1,020,000 <sup>4</sup>	—	—	—	1,020,000
	Lau Ming Chi, Edward	1,926,000 <sup>4</sup>	—	—	—	1,926,000



## ADDITIONAL INFORMATION (Cont'd)

Notes:

1. After 30th June 2012, Mr. Hui Wing Choy, Henry acquired 62,000 ordinary shares of the Company.
2. These shares were non-voting deferred shares.
3. The issued shares of Automated Systems (H.K.) Limited comprised 55,350,000 non-voting deferred shares and 2 ordinary shares. The 2 ordinary shares were beneficially owned by the Company.
4. Options to acquire ordinary shares of the Company, further details of which are set out in the section headed "Share Options" below.

Save as mentioned above, as at 30th June 2012, none of the Directors and the chief executives of the Company had any Directors' Interests in Shares and Underlying Shares.

### Substantial Shareholders

As at 30th June 2012, so far as was known to the Directors and chief executives of the Company, the interests and short positions of every person, other than Directors or chief executives of the Company in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Number of ordinary shares of the Company held		Percentage of issued share capital
	Direct interest	Deemed interest	%
Teamsun Technology (HK) Limited ("Hong Kong Teamsun")	208,792,996	—	67.05
Teamsun	—	208,792,996 <sup>1</sup>	67.05

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 208,792,996 shares in which Hong Kong Teamsun was interested.

Save as mentioned above, as at 30th June 2012, there was no other person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



## ADDITIONAL INFORMATION (Cont'd)

### Share Options

The Company adopted a share option scheme (the "Scheme") on 16th October 1997 for the purpose of providing incentives and rewards to any employee and/or Director of the Company or any of its subsidiaries. The Scheme was terminated and a new share option scheme (the "New Scheme") was adopted pursuant to a resolution passed in the general meeting held on 8th August 2002 in order to comply at the time with the amendments to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") which became effective on 1st September 2001. The New Scheme expired on 7th August 2012. As a result, the Company can no longer grant any further share options under the New Scheme. However, all share options granted prior to 7th August 2012 will remain in full force and effect.

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

Participants	Number of shares to be issued upon exercise of share options						At 30th June 2012	Date of grant	Exercise period	Exercise price HK\$
	At 1st January 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					
<b>Directors</b>										
Hui Wing Choy,	—	690,000	—	—	—	690,000	19.3.2012	19.3.2013 to 18.3.2022	1.09	
Henry	—	1,919,000	—	—	—	1,919,000	2.5.2012	2.5.2013 to 1.5.2022	1.12	
	—	2,609,000	—	—	—	2,609,000				
Leung Tat Kwong,	—	510,000	—	—	—	510,000	19.3.2012	19.3.2013 to 18.3.2022	1.09	
Simon	—	510,000	—	—	—	510,000	2.5.2012	2.5.2013 to 1.5.2022	1.12	
	—	1,020,000	—	—	—	1,020,000				
Lau Ming Chi,	—	270,000	—	—	—	270,000	19.3.2012	19.3.2013 to 18.3.2022	1.09	
Edward	—	1,656,000	—	—	—	1,656,000	2.5.2012	2.5.2013 to 1.5.2022	1.12	
	—	1,926,000	—	—	—	1,926,000				
<b>Other employees</b>	—	5,430,000	—	—	—	5,430,000	19.3.2012	19.3.2013 to 18.3.2022	1.09	
	—	2,670,000	—	—	—	2,670,000	2.5.2012	2.5.2013 to 1.5.2022	1.12	
	—	8,100,000	—	—	—	8,100,000				
Total	—	13,655,000	—	—	—	13,655,000				

Note:

- All of the above options will be vested equally on each of the first, second and third anniversaries of the date of grant, except for the options granted on 2nd May 2012 which will also be vested immediately in full in the event of a special dividend of the Company being declared.



## ADDITIONAL INFORMATION (Cont'd)

### Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results.

### Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. Mr. Hui Wing Choy, Henry has been appointed as a director of ELM Computer Technologies Limited and Guangzhou Automated Systems Limited with effect from 30th April 2012. All the above companies are wholly-owned subsidiaries of the Company. There is a service contract for a term of 3 years commencing from 1st December 2011 between Mr. Hui and the Company. His directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. The annual basic salary payable to Mr. Hui for the period from 1st April 2012 to 31st March 2013 is HK\$3,432,000.
2. There is a service contract for a term of 3 years commencing from 1st January 2011 between Mr. Lau Ming Chi, Edward and the Company. His directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. The annual basic salary payable to Mr. Lau for the period from 1st April 2012 to 31st March 2013 is HK\$1,635,480.
3. Mr. Hu Liankui has ceased to be the chairman of the Remuneration Committee of the Company, but remains as a member of the Remuneration Committee. He has also been appointed as a member of the Nomination Committee of the Company, all with effect from 1st April 2012.
4. Mr. Chen Zhaohui has resigned as a Non-Executive Director of the Company with effect from 20th June 2012.
5. Ms. Zou Zhiying has been appointed as a Non-Executive Director of the Company and a member of the Audit Committee and the Management Committee of the Company with effect from 20th June 2012 in replacement of Mr. Chen.
6. Ms. Young Meng Ying has been appointed as a member of the Nomination Committee of the Company with effect from 1st April 2012.
7. Mr. Lu Jiaqi has been appointed as the chairman of the Remuneration Committee of the Company with effect from 1st April 2012.
8. Ms. Xu Peng has been appointed as the chairman of the Nomination Committee of the Company with effect from 1st April 2012.





## ADDITIONAL INFORMATION (Cont'd)

### Cessation of the Publication of Quarterly Results

The Board is of the opinion that quarterly results announcements encourage a short-term perspective of a company's business performance. Since the Company's operating cycle does not run on quarterly basis, it should not make information disclosure and its performance should not be judged based on the quarterly requirement. Hence, quarterly results announcements do not bring significant benefits to shareholders. Preparation of quarterly results announcements also involves costs, including the time cost of the Company's management spent in preparing quarterly results. In view of achieving a more effective allocation of resources, the Company shall cease to make voluntary quarterly results announcements with effect from the nine months ending 30th September 2012.

### Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30th June 2012, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

### Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1st April 2012) set out in Appendix 14 of the Listing Rules throughout the accounting period for the six months ended 30th June 2012, except as noted below:

- (a) with respect to Code A.4.1, all Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws; and
- (b) with respect to Code D.1.4, the Company did not have formal letters of appointment for all Non-Executive Directors. However, the terms of references have set out the work scope of the Board's committees and delegation were made by the Board in respect of the responsibilities of the Non-Executive Directors in such Board's committees.

*As at 22nd August 2012, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Hui Wing Choy, Henry, Mr. Leung Tat Kwong, Simon and Mr. Lau Ming Chi, Edward being Executive Directors, Mr. Hu Liankui, Mr. Wang Weihang and Ms. Zou Zhiying being Non-Executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.*

