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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2011

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board of Directors of Automated Systems Holdings Limited are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the nine months ended 30th September 2011.

RESULTS

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board of Directors (the "Board") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group" or "ASL") for the nine months ended 30th September 2011. The condensed consolidated third quarterly financial information has been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement

	Notes	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	385,124	301,856	1,146,266	1,031,300
Cost of goods sold		(201,886)	(157,343)	(614,672)	(579,915)
Cost of services rendered		(141,831)	(103,265)	(401,670)	(318,568)
Other income	4	448	1,401	2,226	5,569
Other loss	5	(684)	-	(1,161)	-
Fair value gain on revaluation of investment properties		-	-	-	3,590
Selling expenses		(18,715)	(17,720)	(55,176)	(51,937)
Administrative expenses		(17,490)	(14,259)	(47,418)	(41,469)
Finance income	6	375	198	771	588
Share of results of associates		199	56	667	1,301
Profit before income tax		5,540	10,924	29,833	50,459
Income tax expense	8	(1,590)	(2,389)	(7,099)	(9,226)
Profit for the period attributable to equity holders of the Company		3,950	8,535	22,734	41,233

Condensed Consolidated Income Statement (Cont'd)

	<i>Note</i>	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
		2011 <i>HK cents</i>	2010 <i>HK cents</i>	2011 <i>HK cents</i>	2010 <i>HK cents</i>
Earnings per share attributable to equity holders of the Company	10				
Basic and diluted earnings per share		<u>1.27</u>	<u>2.74</u>	<u>7.30</u>	<u>13.24</u>

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit for the period	3,950	8,535	22,734	41,233
Other comprehensive income:				
Revaluation surplus of leasehold land and buildings	-	-	-	19,418
Deferred taxation arising from revaluation surplus of leasehold land and buildings	-	-	-	(3,204)
Exchange differences on translation of overseas operations	<u>117</u>	<u>1,258</u>	<u>412</u>	<u>2,044</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>4,067</u>	<u>9,793</u>	<u>23,146</u>	<u>59,491</u>

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30th September 2011 HK\$'000	Audited 31st December 2010 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	156,458	162,907
Investment properties	12	24,700	24,700
Intangible assets	13	11,645	900
Goodwill	13	33,429	-
Interests in associates		1,020	1,865
Deferred income tax assets		622	-
Trade receivables	14	3,552	1,869
Finance lease receivables		16,919	3,210
Long-term bank deposit	16	149	-
		<u>248,494</u>	<u>195,451</u>
CURRENT ASSETS			
Inventories		113,812	76,972
Trade receivables	14	176,160	163,722
Finance lease receivables		7,403	1,914
Other receivables, deposits and prepayments	15	26,574	23,605
Amounts due from customers for contract work		198,723	161,659
Restricted bank deposits	16	2,213	1,924
Cash and cash equivalents	16	128,637	195,552
		<u>653,522</u>	<u>625,348</u>
TOTAL ASSETS		<u>902,016</u>	<u>820,799</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		31,140	31,140
Share premium		104,947	104,947
Reserves		331,884	321,154
TOTAL EQUITY		<u>467,971</u>	<u>457,241</u>
NON-CURRENT LIABILITIES			
Contingent consideration payable	13	9,227	-
Deferred income tax liabilities		19,824	17,996
Deferred income		-	73
		<u>29,051</u>	<u>18,069</u>
CURRENT LIABILITIES			
Trade payables	17	224,418	193,000
Other payables and accruals	18	45,816	48,190
Contingent consideration payable	13	4,193	-
Receipts in advance		118,217	91,979
Current income tax liabilities		12,350	12,320
		<u>404,994</u>	<u>345,489</u>
TOTAL LIABILITIES		<u>434,045</u>	<u>363,558</u>
TOTAL EQUITY AND LIABILITIES		<u>902,016</u>	<u>820,799</u>
NET CURRENT ASSETS		<u>248,528</u>	<u>279,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>497,022</u>	<u>475,310</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Preparation

This is the Company's first condensed consolidated third quarterly financial information after the change of financial year end date of the Company from 31st March to 31st December. This financial information covers a period of nine months from 1st January 2011 to 30th September 2011 and has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Principal Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the financial statements for the nine months ended 31st December 2010, as described in those financial statements.

The following standards, amendments and interpretations are mandatory for the first time for the financial period beginning 1st January 2011, but do not have any financial impact on the Group:

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. This is not currently applicable to the Group, as it does not have any related parties which is a government related entity.

Amendment to HKAS 32 "Classification of rights issues" is effective for annual periods beginning on or after 1st February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

Amendment to HK(IFRIC) - Int-14 "Prepayments of a minimum funding requirement" is effective for annual periods beginning on or after 1st January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

HK(IFRIC) - Int 19 "Extinguishing financial liabilities with equity instruments" is effective for annual periods beginning on or after 1st July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

3. 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 Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Sales of goods	219,262	175,619	679,731	641,945
Revenue from service contracts	165,862	126,237	466,535	389,355
	<u>385,124</u>	<u>301,856</u>	<u>1,146,266</u>	<u>1,031,300</u>

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 (nine months ended 30th September 2010: 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
Three months ended 30th September 2011

	<u>IT Products</u> <i>HK\$'000</i>	<u>IT Services</u> <i>HK\$'000</i>	<u>Total</u> <u>Group</u> <i>HK\$'000</i>
Revenue from external customers	219,262	165,862	385,124
Intersegment revenue	<u>3,879</u>	<u>14,747</u>	<u>18,626</u>
Segment revenue	223,141	180,609	403,750
Reportable segment profit	9,382	13,078	22,460
Segment depreciation	618	2,262	2,880
Segment amortisation	-	607	607
Additions to property, plant and equipment	<u>194</u>	<u>412</u>	<u>606</u>

Unaudited
Nine months ended 30th September 2011

	<u>IT Products</u> <i>HK\$'000</i>	<u>IT Services</u> <i>HK\$'000</i>	<u>Total</u> <u>Group</u> <i>HK\$'000</i>
Revenue from external customers	679,731	466,535	1,146,266
Intersegment revenue	<u>13,509</u>	<u>31,495</u>	<u>45,004</u>
Segment revenue	693,240	498,030	1,191,270
Reportable segment profit	32,981	41,048	74,029
Segment depreciation	1,880	6,731	8,611
Segment amortisation	-	1,490	1,490
Additions to property, plant and equipment	809	3,583	4,392
Additions to intangible assets	-	12,035	12,035
Additions to goodwill	<u>-</u>	<u>32,920</u>	<u>32,920</u>

Unaudited
Three months ended 30th September 2010

	<u>IT Products</u> <i>HK\$'000</i>	<u>IT Services</u> <i>HK\$'000</i>	<u>Total</u> <u>Group</u> <i>HK\$'000</i>
Revenue from external customers	175,619	126,237	301,856
Intersegment revenue	<u>4,698</u>	<u>3,300</u>	<u>7,998</u>
Segment revenue	180,317	129,537	309,854
Reportable segment profit	10,842	13,299	24,141
Segment depreciation	902	1,646	2,548
Additions to property, plant and equipment	<u>167</u>	<u>1,621</u>	<u>1,788</u>

Unaudited
Nine months ended 30th September 2010

	<u>IT Products</u> <i>HK\$'000</i>	<u>IT Services</u> <i>HK\$'000</i>	<u>Total</u> <u>Group</u> <i>HK\$'000</i>
Revenue from external customers	641,945	389,355	1,031,300
Intersegment revenue	<u>7,602</u>	<u>31,309</u>	<u>38,911</u>
Segment revenue	649,547	420,664	1,070,211
Reportable segment profit	33,809	48,355	82,164
Segment depreciation	2,980	4,672	7,652
Additions to property, plant and equipment	<u>767</u>	<u>4,716</u>	<u>5,483</u>

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

<u>Unaudited</u> <u>As at 30th September 2011</u>	<u>IT Products</u> <i>HK\$'000</i>	<u>IT Services</u> <i>HK\$'000</i>	<u>Total</u> <u>Group</u> <i>HK\$'000</i>
Reportable segment assets	307,297	285,375	592,672
Reportable segment liabilities	<u>219,151</u>	<u>132,903</u>	<u>352,054</u>
<u>Audited</u> <u>As at 31st December 2010</u>			
Reportable segment assets	271,328	172,807	444,135
Reportable segment liabilities	<u>192,663</u>	<u>96,812</u>	<u>289,475</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, 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, unallocated gain/(loss) on disposal of property, plant and equipment, unallocated depreciation for property, plant and equipment that are used for all segments, fair value gain on revaluation of investment properties and other corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, restricted bank deposits, cash and cash equivalents, deferred income tax assets, 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 property, plant and equipment, intangible assets and goodwill include additions resulting from acquisition through business combinations.

- (b) Reconciliation of the reportable segment revenue, profit, assets and liabilities

Reportable segment revenue, profit, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows:

Revenue	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30th September		30th September	
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	403,750	309,854	1,191,270	1,070,211
Elimination of intersegment revenue	<u>(18,626)</u>	<u>(7,998)</u>	<u>(45,004)</u>	<u>(38,911)</u>
Revenue per condensed consolidated income statement	<u>385,124</u>	<u>301,856</u>	<u>1,146,266</u>	<u>1,031,300</u>

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

Profit	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment profit	22,460	24,141	74,029	82,164
Unallocated amounts:				
Unallocated other income	448	986	2,226	4,877
Unallocated other loss	(684)	-	(1,161)	-
Fair value gain on revaluation of investment properties	-	-	-	3,590
Unallocated gain/(loss) on disposal of property, plant and equipment	8	-	(6)	(4)
Unallocated depreciation	(1,470)	(1,182)	(4,062)	(3,372)
Share of results of associates	199	56	667	1,301
Unallocated corporate expenses	(15,421)	(13,077)	(41,860)	(38,097)
Profit before income tax per condensed consolidated income statement	<u>5,540</u>	<u>10,924</u>	<u>29,833</u>	<u>50,459</u>

Assets	Unaudited	Audited
	30th September 2011 HK\$'000	31st December 2010 HK\$'000
Reportable segment assets	592,672	444,135
Unallocated assets:		
Interests in associates	1,020	1,865
Deferred income tax assets	622	-
Unallocated restricted bank deposits	2,213	1,924
Unallocated cash and cash equivalents	128,637	195,552
Unallocated long-term bank deposit	149	-
Unallocated corporate assets	176,703	177,323
Total assets per condensed consolidated balance sheet	<u>902,016</u>	<u>820,799</u>

Liabilities	Unaudited	Audited
	30th September 2011 HK\$'000	31st December 2010 HK\$'000
Reportable segment liabilities	352,054	289,475
Unallocated liabilities:		
Current income tax liabilities	12,350	12,320
Deferred income tax liabilities	19,824	17,996
Unallocated corporate liabilities	49,817	43,767
Total liabilities per condensed consolidated balance sheet	<u>434,045</u>	<u>363,558</u>

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 Unaudited Three months ended 30th September		Revenue from external customers Unaudited Nine months ended 30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	339,226	269,537	1,021,910	931,962
Guangzhou	8,560	8,771	12,117	13,129
Macau	15,212	12,608	32,959	33,655
Singapore	5,091	-	10,454	-
Taiwan	5,940	5,835	28,697	20,207
Thailand	10,558	5,105	39,235	32,347
Others	537	-	894	-
	<u>385,124</u>	<u>301,856</u>	<u>1,146,266</u>	<u>1,301,300</u>

Place of domicile	Non-current assets	
	Unaudited 30th September 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Hong Kong	183,684	185,255
Guangzhou	230	2,208
Macau	4,045	5,831
Singapore	44,544	-
Taiwan	713	1,062
Thailand	15,216	1,095
Others	62	-
	<u>248,494</u>	<u>195,451</u>

4. Other Income

	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank deposits	44	131	247	249
Equipment rental income	-	576	-	2,303
Rental income from investment properties	374	374	1,122	1,122
Others	30	320	857	1,895
	<u>448</u>	<u>1,401</u>	<u>2,226</u>	<u>5,569</u>

5. Other Loss

	Unaudited Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contingent consideration payable				
- Fair value loss	684	-	1,161	-
	<u>684</u>	<u>-</u>	<u>1,161</u>	<u>-</u>

6. Finance Income

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

7. Expenses by Nature

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30th September		30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before income tax has been arrived after charging/(crediting):				
Depreciation and amortisation				
Property, plant and equipment	4,350	3,730	12,673	11,024
Intangible assets	607	-	1,490	-
Gain on disposal of property, plant and equipment	(49)	(60)	(35)	(196)
Provision for impairment of intangible assets	-	-	-	200
Staff costs	118,262	91,296	328,914	267,440

8. Income Tax Expense

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30th September		30th September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation:				
Hong Kong profits tax	2,608	2,272	7,556	9,322
Overseas taxation	24	232	316	601
(Over)/Under-provision in prior period:				
Hong Kong profits tax	(18)	(137)	21	75
Overseas taxation	10	22	80	(87)
	2,624	2,389	7,973	9,911
Deferred taxation:				
Current period	(1,034)	-	(874)	(685)
Income tax expense	1,590	2,389	7,099	9,226

Hong Kong profits tax has been provided at the rate of 16.5% (nine months ended 30th September 2010: 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.

9. Dividend

The Directors did not recommend the payment of a dividend for the nine months ended 30th September 2011 (nine months ended 30th September 2010: 4.0 HK cents).

10. 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 Three months ended 30th September		Unaudited Nine months ended 30th September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>3,950</u>	<u>8,535</u>	<u>22,734</u>	<u>41,233</u>
	Number of shares		Number of shares	
	2011 '000	2010 '000	2011 '000	2010 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>311,403</u>	<u>311,403</u>	<u>311,403</u>	<u>311,403</u>

There were no dilutive instruments for the nine months ended 30th September 2011 (nine months ended 30th September 2010: same).

11. Property, Plant and Equipment

During the nine months ended 30th September 2011, the addition of property, plant and equipment was approximately HK\$6,058,000 (nine months ended 30th September 2010: HK\$8,440,000) mainly for computers and office equipment.

During the nine months ended 30th September 2011, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$144,000 (nine months ended 30th September 2010: HK\$66,000), resulting in a gain on disposal of HK\$35,000 (nine months ended 30th September 2010: gain on disposal of HK\$196,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2010 less depreciation. The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2010 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. At 30th September 2011, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings does not differ significantly from their fair value.

As at 30th September 2011, if the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated financial statements at historical cost, less accumulated depreciation of approximately HK\$53,013,000 (31st December 2010: HK\$54,562,000).

The Group's interest in leasehold land represents finance lease payments held in Hong Kong between 10 to 50 years.

As at 30th September 2011, the Group has pledged leasehold land and buildings having a carrying amount of approximately HK\$126,643,000 (31st December 2010: HK\$129,300,000) for banking facilities granted to the Group.

12. Investment Properties

The investment properties of the Group were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer at 31st December 2010, on the basis of market value.

As at 30th September 2011, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts do not differ significantly from that which would be determined using fair value at the balance sheet date.

As at 30th September 2011, the Group has pledged investment properties having a carrying amount of approximately HK\$24,700,000 (31st December 2010: HK\$24,700,000) for banking facilities granted to the Group.

13. Intangible Assets and Goodwill

On 28th March 2011, the Group acquired 100% of the share capital of i-Sprint Innovations Pte. Ltd. ("i-Sprint"). i-Sprint group is principally engaged in the business of developing, distributing, implementing and supporting technology risk management products. Depending on the upcoming financial performance of i-Sprint, the cash consideration for this acquisition may range from S\$6,000,000 (equivalent to approximately HK\$36,000,000) to S\$7,900,000 (equivalent to approximately HK\$47,400,000). Details of this acquisition were set out in the Company's announcements dated 28th March 2011 and 31st March 2011.

A goodwill of S\$5,338,000 (equivalent to approximately HK\$32,920,000), intangible assets of S\$1,951,000 (equivalent to approximately HK\$12,035,000), net tangible assets of S\$186,000 (equivalent to approximately HK\$1,150,000) and deferred income tax liabilities of S\$332,000 (equivalent to approximately HK\$2,046,000) were recognised in relation to this acquisition. The above amounts are determined provisionally pending the receipt of the final valuation of these balances.

The goodwill arises from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-positioned business that is in operation in a competitive market. Other significant factors include synergies through accessing a highly skilled workforce and obtaining economies of scale.

The Group's competitive position in the information technology market is expected to be strengthened as the acquisition provides the opportunity for the Group to serve more clients with regional presence, especially those in the financial services sectors. Besides which, the addition of i-Sprint's products provides an opportunity for the Group to expand its credential in management solutions and to enrich the Group's existing security solutions offerings.

As at 30th September 2011, approximately S\$5,150,000 (equivalent to approximately HK\$31,800,000) of the acquisition costs had been settled and contingent consideration payable of S\$2,143,000 (equivalent to approximately HK\$13,420,000) was recognised in the condensed consolidated balance sheet for the remaining portion of the contingent consideration.

The fair value of the contingent consideration payable was estimated based on an assumed probability weighting in fulfilling the performance requirements, using a discount rate of 15%. During the period from the date of acquisition to 30th September 2011, fair value loss of HK\$1,161,000 was recognised in the profit or loss for the contingent consideration payable.

14. 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 September 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Trade receivables	180,664	165,903
Less: provision for impairment of receivables	(952)	(312)
Trade receivables – net	179,712	165,591
Less: non-current portion of trade receivables	(3,552)	(1,869)
Current portion of trade receivables	176,160	163,722

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

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 September 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Current	122,031	126,695
Within 30 days	34,337	15,992
31 - 60 days	10,563	4,234
61 - 90 days	4,316	6,454
Over 90 days	9,417	12,528
	180,664	165,903

15. Other Receivables, Deposits and Prepayments

	Unaudited 30th September 2011 <i>HK\$'000</i>	Audited 31st December 2010 <i>HK\$'000</i>
Other receivables	5,386	1,340
Deposits	7,352	6,284
Prepayments	13,539	15,469
Amount due from the ultimate holding company	275	512
Amount due from the immediate holding company	22	-
	<u>26,574</u>	<u>23,605</u>

16. Long-Term Bank Deposit, Restricted Bank Deposits and Cash and Cash Equivalents

	Unaudited 30th September 2011 <i>HK\$'000</i>	Audited 31st December 2010 <i>HK\$'000</i>
Long-term bank deposit	<u>149</u>	<u>-</u>
Restricted bank deposits	<u>2,213</u>	<u>1,924</u>
Cash at bank and on hand	120,292	132,309
Short-term bank deposits	<u>8,345</u>	<u>63,243</u>
Cash and cash equivalents	<u>128,637</u>	<u>195,552</u>

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

17. 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 September 2011 <i>HK\$'000</i>	Audited 31st December 2010 <i>HK\$'000</i>
Current	128,616	126,898
Within 30 days	61,953	39,055
31 – 60 days	18,370	14,948
61 – 90 days	1,963	1,634
Over 90 days	<u>13,516</u>	<u>10,465</u>
	<u>224,418</u>	<u>193,000</u>

18. Other Payables and Accruals

	Unaudited 30th September 2011 <i>HK\$'000</i>	Audited 31st December 2010 <i>HK\$'000</i>
Other payables and accruals	44,580	45,787
Deferred income	-	456
Amounts due to fellow subsidiaries	520	492
Amount due to an associate	<u>716</u>	<u>1,455</u>
	<u>45,816</u>	<u>48,190</u>

19. Pledge of Assets

At 30th September 2011, the Group's leasehold land and buildings of approximately HK\$126,643,000 (31st December 2010: HK\$129,300,000) and investment properties of approximately HK\$24,700,000 (31st December 2010: HK\$24,700,000) were pledged to secure the banking facilities of the Group.

At 30th September 2011, the Group's restricted bank balances of approximately HK\$2,213,000 (31st December 2010: HK\$1,924,000) were pledged to secure the banking facilities and performance bonds of the Group.

DIVIDEND

The Directors did not recommend the payment of a dividend for the nine months ended 30th September 2011 (nine months ended 30th September 2010: 4.0 HK cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

For the nine months ended 30th September 2011, the Group's revenue was HK\$1,146.3 million, higher by 11.1% compared to the corresponding period ended 30th September 2010. For the three months ended 30th September 2011, the revenue of the Group was HK\$385.1 million, higher by 27.6% compared to the same period last year.

For the nine months ended 30th September 2011, product sales and service revenue were HK\$679.8 million and HK\$466.5 million, increased by 5.9% and 19.8% year on year respectively. Product sales and service revenue contributed 59.3% and 40.7% to total revenue respectively, compared to 62.2% and 37.8% from the corresponding period last year. For the three months ended 30th September 2011, product sales and service revenue were HK\$219.3 million and HK\$165.8 million, which increased by 24.9% and 31.4% respectively as compared with the corresponding period last year.

Commercial and public sector sales for the nine months ended 30th September 2011 contributed 61.0% and 39.0% to revenue respectively, compared to 53.2% and 46.8% for the corresponding period in 2010. Commercial and public sector sales for the three months ended 30th September 2011 contributed 62.7% and 37.3% to revenue respectively, compared to 53.3% and 46.7% for the same period in 2010.

Profit before income tax was HK\$29.8 million for the first nine months, lower by 40.9% compared to the corresponding period last year. For the three months ended 30th September 2011, profit before income tax was HK\$5.5 million, lower by 49.3% compared to the corresponding period last year. During the period, the Group was affected by an overall rise in costs. The rise was attributable to an increase in staff costs and investment in various projects. Among others, an increase in staff costs and staff training within our software business resulted in a rise in overall costs. During the period under review, selling and administrative expenses rose due to the relevant costs arising from the acquisition of the entire interest in i-Sprint Innovations Pte. Ltd. ("i-Sprint") and newly added operating costs from i-Sprint. Under this backdrop, the Group has already unveiled a series of measures. Currently, the Group is stepping up outsourcing and strengthening human resource management. In addition, endeavours are being made to boost the standardisation of services through the building of software management systems and software libraries. Through the reinforcement of project management, the costs of software business may also be reduced.

During the three and nine months ended 30th September 2011, orders newly secured by the Group amounted to approximately HK\$402.3 million and HK\$1,287.2 million respectively, representing an increase of 21.8% and 20.7% respectively as compared with the corresponding period in 2010. As of 30th September 2011, the order book balance was approximately HK\$592.1 million, an increase of HK\$7.6 million compared to the corresponding period last year. The Group's cash stood at approximately HK\$128.6 million with a working capital ratio of 1.61:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

Business Review

An increase in revenue was recorded during the nine months ended 30th September 2011, and the Group's business gained steady traction.

Well positioned as an Information Technology (IT) security partner in the Asia-Pacific region

Following the acquisition of i-Sprint in March 2011, the Group was pleased with the success achieved by i-Sprint in securing increasingly significant deals from state-level and major customers in the Asia-Pacific region, by leveraging the latter's capabilities and advantages gained over the past decade.

In August 2011, i-Sprint obtained a pilot project contract from an advisory body of the Malaysian Government. Upon completion of the project, the proposed solution will become a pre-approved IT security solution which would be available to other government departments. In September 2011, i-Sprint also obtained a security project from a Singapore governmental body in relation to the supply of its AccessMatrix products, safeguarding e-government applications which support millions of users.

i-Sprint has carved out its own niche in the mainland market. To further tap into the Greater China market, i-Sprint set up an R&D centre at the Group's Outsourcing Delivery Excellence Centre (ODEC) in Zhuhai in August 2011. The centre is well equipped with a team of senior and experienced engineers to ensure project quality, focusing on product development and localisation of the mainland market. In September 2011, i-Sprint received an order from a well-known tobacco company in relation to the provision of its market-recognised software. This software will be of benefit to the customer in accessing its identity and password information. In the same month, i-Sprint obtained a security project relating to the supply of its software to a commercial bank in order for the bank to strengthen the internal control of its internal applications.

In Hong Kong, along with the forthcoming completion of a number of projects undertaken earlier this year, the Group has also received repeated orders from a leading bank in Hong Kong in relation to the upgrade of the bank's applications through a combination of i-Sprint's products which will function as the bank's core security components.

Sustaining steady growth in IT solutions and services business

During the review period, the Group obtained a number of solution orders. This development direction is consistent with the Group's philosophy to expand into the solutions business. Of note were a business intelligence solution relating to the provision of consolidated financial data for an internationally-renowned manufacturer; as well as an enterprise content management solution for a government agency in relation to the enhancement of an e-form module of the customer's existing maintenance works management system.

On the managed services business front, the Group continued to capture business opportunities emerging from long-term and major customers covering different IT areas and different regions. After securing an order from an international airline in March 2011, the Group has completed the set up of thousands of units of desktop computers and laptops for the customer's offices in Hong Kong and mainland China. The Group has received widespread recognition from the customer. Meanwhile, the Group has also received additional similar orders from the customer relating to the delivery of over 1,000 units of desktop computers to the customer's offices in Hong Kong and mainland China. In respect of the new addition of other key managed service projects, these include: the operation of an e-government platform for data centres of a government department for providing systems integration and management services; the provision of managed network support services for a Hong Kong-listed multinational apparel company for a number of years to come.

To foster our business development in the aspect of security services, we are actively gearing up for the establishment of a security operation centre which is anticipated to commence operation by the end of 2011. This move is to further enhance our service quality. During the period, the Group secured security services orders from three government departments in relation to the provision of IT security monitoring services for the said departments. The three government departments are expected to benefit from the roll out of the services of the security operation centre.

In respect of the service business, the Group has also been awarded a standing offer agreement by a government department in Hong Kong, whereby the Group will frame the departmental IT plan for the next five financial years from 2012/13 to 2016/17 and offer IT resource planning and work programme management for the department. Through participation in the formulation of the IT plans of the government department, the Group can obtain a better understanding of the department's IT demands in the short to medium term. The Group expects that these types of projects will heighten its competitive edges in striving for business deals and customer confidence.

IT infrastructure services performance

The performance of the IT infrastructure services business grew steadily. The growth was mainly fuelled by customers' demand for technology upgrades or updates and the government's requirement for improved efficiency, service quality and cost effectiveness from the use of IT. Specifically, the Group has been awarded a multi-million dollar computer system upgrade project for the launch of the new public services for the residents of Hong Kong and Macau. Through the improvement of operational efficiency, public services for inbound and outbound travellers will be enhanced.

Prospects and Outlook

Given the economic uncertainties around the world, the Group foresees that the future business landscape may become relatively challenging. With the Group's solid foundation and strengthening of cost effectiveness measures, the Group believes that it is well-positioned to meet the challenges ahead and seize the many business opportunities in the Asia Pacific region, including the opportunities arising from cloud computing, data security, business intelligence and records management. The Group also expects that the Hong Kong Government's initiative to promote the development of Hong Kong as a preferred choice for the location of a data centre in the Asia Pacific region will enable the Group to further expand into its data centre operations.

In addition, the Group will continue to dedicate focused efforts on extending its reach into various kinds of solutions. In particular, by leveraging on i-Sprint's R&D centre in mainland China and achievements in mainland China, we believe that the Group's security business in mainland China will meet with positive prospects. The Group was pleased to announce in October 2011 that one of its security experts had been honoured as the winner of the first "BCI Asia Business Continuity Awards - Business Continuity Specialist of the Year (2011)" award, which was in recognition of the expert's unwavering efforts in its pursuit for excellence in the business. As a matter of fact, the Group has retained a large pool of professional talent with extensive expertise in different IT areas. This award illustrates the Group's strengths in offering a variety of IT solutions.

The Group will continue to strengthen its services level and quality. Through the formation of stronger partnership alliances, the development of products with market-recognised intellectual property rights, and the establishment of a closer collaboration with Beijing Teamsun Technology Co., Ltd. (being the ultimate holding company of the Group), the Group will be well-poised to bolster its capabilities in offering regional services and deliver value-added services for its customers.

Financial Resources and Liquidity

As at 30th September 2011, the Group's total assets of HK\$902.0 million were financed by current liabilities of HK\$405.0 million, non-current liabilities of HK\$29.1 million and shareholders' equity of HK\$468.0 million. The Group had a working capital ratio of approximately 1.61:1.

As at 30th September 2011, the Group had an aggregate composite banking facility from banks of approximately HK\$112.2 million (31st December 2010: HK\$112.2 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK\$151.3 million (31st December 2010: HK\$154.0 million) and restricted bank deposits of approximately HK\$2.2 million (31st December 2010: HK\$1.9 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\$29.1 million as at 30th September 2011 (31st December 2010: HK\$31.3 million). The Group's gearing ratio was zero as at 30th September 2011 (31st December 2010: 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 no hedging activities were engaged by the Group during the nine months ended 30th September 2011.

Contingent Liabilities

As at 30th September 2011, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK\$2.2 million (31st December 2010: HK\$1.9 million). At 30th September 2011, the amount of available bank facilities was HK\$83.1 million (31st December 2010: HK\$80.9 million) and the performance bonds of HK\$29.1 million (31st December 2010: HK\$31.3 million) has been issued by the Group to customers as security of contracts.

Capital Commitment

As at 30th September 2011, the contracted capital commitments of the Group were HK\$0.5 million (31st December 2010: HK\$0.4 million).

Employee and Remuneration Policies

As at 30th September 2011, the Group, excluding its associates, employed 1,606 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 30th September 2011, 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 quarterly results.

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 nine months ended 30th September 2011, 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 as set out in Appendix 14 of the Listing Rules throughout the accounting period for the nine months ended 30th September 2011 except 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.

By Order of the Board
Lai Yam Ting, Ready
Chief Executive Officer

Hong Kong, 27th October 2011

As at the date hereof, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Leung Tat Kwong, Simon and Mr. Lau Ming Chi, Edward being Executive Directors, Mr. Hu Liankui, Mr. Wang Weihang and Mr. Chen Zhaohui being Non-Executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.