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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

LEUNG Tat Kwong, Simon (*Chief Executive Officer*)
WANG Weihang

NON-EXECUTIVE DIRECTOR

HU Liankui (*Chairman*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

YOUNG Meng Ying
LU Jiaqi
XU Peng

AUDIT COMMITTEE

YOUNG Meng Ying (*Chairman*)
LU Jiaqi
XU Peng

REMUNERATION COMMITTEE

LU Jiaqi (*Chairman*)
HU Liankui
YOUNG Meng Ying

NOMINATION COMMITTEE

XU Peng (*Chairman*)
HU Liankui
YOUNG Meng Ying
LU Jiaqi

MANAGEMENT COMMITTEE

LEUNG Tat Kwong, Simon (*Chairman*)
WANG Weihang
WANG Yueou[#]
CHENG Wai Sze, Catherine[#]
LEE Cheuk Wai, Thomas[#]
SHIH Ho Sang, Dominic[#]

INVESTMENT COMMITTEE

WANG Weihang (*Chairman*)
LEUNG Tat Kwong, Simon
HU Liankui

COMPANY SECRETARY

LI Pik Yin

PRINCIPAL BANKER

The HongKong and Shanghai Banking
Corporation Limited

SOLICITORS

Jones Day
Appleby

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd
Argyle House, 41a Cedar Avenue,
Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 771

REGISTERED OFFICE

Canon's Court,
22 Victoria Street,
Hamilton HM12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, Topsail Plaza,
11 On Sum Street,
Shatin, New Territories,
Hong Kong

Note:

[#] non-director member of the Company



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 4 to 22, which comprises the condensed consolidated balance sheet of Automated Systems Holdings Limited as at 30th June 2014 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 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 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

Level 12

28 Hennessy Road, Wanchai

Hong Kong

22nd August 2014

Shaw Chi Kit

Practising Certificate No.: P04834



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2014

	Notes	Unaudited Six months ended 30th June	
		2014 HK\$'000	2013 HK\$'000
Revenue	6	694,151	808,354
Cost of goods sold		(341,259)	(396,812)
Cost of services rendered		(296,425)	(336,460)
Other income	7	2,122	3,881
Other gain/(loss), net	8	44,237	(549)
Selling expenses		(35,535)	(34,439)
Administrative expenses		(25,083)	(31,862)
Finance income	9	526	710
Finance costs		(995)	(273)
Share of results of associates		(6,530)	73
Profit before income tax	10	35,209	12,623
Income tax expense	11	(1,167)	(2,968)
Profit for the period		34,042	9,655
Attributable to:			
Equity holders of the Company		34,073	9,655
Non-controlling interests		(31)	-
		34,042	9,655
Earnings per share attributable to equity holders of the Company		HK cents	HK cents
Basic and diluted	13	10.94	3.10

The notes on pages 10 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2014

	Unaudited Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	34,042	9,655
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	1,427	(1,385)
Reclassification adjustment of translation reserve upon disposal of subsidiaries	(451)	–
Share of other comprehensive loss of associates	(132)	–
Total comprehensive income for the period	34,886	8,270
Attributable to:		
Equity holders of the Company	34,917	8,270
Non-controlling interests	(31)	–
	34,886	8,270

The notes on pages 10 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2014

		Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	14	231,425	236,823
Investment properties	15	43,000	43,000
Intangible assets	16	5,655	5,906
Interests in associates		83,004	877
Finance lease receivables		7,242	12,932
Deferred income tax assets		1,377	320
		371,703	299,858
Current assets			
Inventories		170,539	124,225
Trade receivables	17	140,768	210,963
Finance lease receivables		16,115	18,055
Other receivables, deposits and prepayments	18	30,035	16,999
Amounts due from customers for contract work		214,736	241,928
Tax recoverable		5,628	4,152
Restricted bank deposits	19	1,071	48
Cash and cash equivalents		127,508	114,661
		706,400	731,031
Assets of disposal group classified as held for sale		-	84,201
		706,400	815,232
Total assets		1,078,103	1,115,090

The notes on pages 10 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

As at 30th June 2014

	Notes	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Equity attributable to equity holders of the Company			
Share capital	22	31,140	31,140
Share premium		104,947	104,947
Reserves		500,175	472,560
Total equity		636,262	608,647
Non-current liabilities			
Deferred income tax liabilities		35,561	35,458
Current liabilities			
Trade payables	20	185,853	224,208
Other payables and accruals	21	57,719	47,262
Receipts in advance		135,863	115,356
Current income tax liabilities		4,845	2,972
Short-term borrowings		22,000	49,257
		406,280	439,055
Liabilities of disposal group classified as held for sale		–	31,930
		406,280	470,985
Total liabilities		441,841	506,443
Total equity and liabilities		1,078,103	1,115,090
Net current assets		300,120	344,247
Total assets less current liabilities		671,823	644,105

The notes on pages 10 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2014

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Special reserve (Note (i))	Property revaluation reserve	Translation reserve	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2013	31,140	104,947	34,350	120,770	4,406	1,916	276,473	574,002	-	574,002
Profit for the period	-	-	-	-	-	-	9,655	9,655	-	9,655
Other comprehensive loss:										
Exchange differences on translation of overseas operations	-	-	-	-	(1,385)	-	-	(1,385)	-	(1,385)
Total comprehensive income for the period	-	-	-	-	(1,385)	-	9,655	8,270	-	8,270
Transaction with owners										
Forfeiture of unclaimed dividends	-	-	-	-	-	-	2	2	-	2
Final dividend for the year ended 31st December 2012	-	-	-	-	-	-	(15,570)	(15,570)	-	(15,570)
Recognition of equity-settled share-based payments	-	-	-	-	-	298	-	298	-	298
Lapse of share options transferred to retained earnings	-	-	-	-	-	(67)	67	-	-	-
Total transaction with owners	-	-	-	-	-	231	(15,501)	(15,270)	-	(15,270)
At 30th June 2013	31,140	104,947	34,350	120,770	3,021	2,147	270,627	567,002	-	567,002
At 1st January 2014	31,140	104,947	34,350	154,174	2,205	3,548	278,283	608,647	-	608,647
Profit for the period	-	-	-	-	-	-	34,073	34,073	(31)	34,042
Other comprehensive income:										
Exchange differences on translation of overseas operations	-	-	-	-	1,427	-	-	1,427	-	1,427
Reclassification adjustment upon disposal of subsidiaries (note 23)	-	-	-	-	(451)	-	-	(451)	-	(451)
Share of other comprehensive loss of associates	-	-	-	-	(132)	-	-	(132)	-	(132)
Total comprehensive income for the period	-	-	-	-	844	-	34,073	34,917	(31)	34,886
Transaction with owners										
Recognition of equity-settled share-based payments	-	-	-	-	-	1,703	-	1,703	-	1,703
Lapse of share options transferred to retained earnings	-	-	-	-	-	(280)	280	-	-	-
Non-controlling interest arising from Share Transfer (note 23)	-	-	-	-	-	-	-	-	9,005	9,005
Disposal of subsidiaries (note 23)	-	-	-	-	-	(2,686)	(6,319)	(9,005)	(8,974)	(17,979)
Total transaction with owners	-	-	-	-	-	(1,263)	(6,039)	(7,302)	31	(7,271)
At 30th June 2014	31,140	104,947	34,350	154,174	3,049	2,285	306,317	636,262	-	636,262

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 10 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2014

	Unaudited	
	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Cash flows from/(used in) operating activities	43,842	(16,955)
Cash flows used in investing activities	(14,172)	(16,997)
Cash flows (used in)/from financing activities	(28,252)	2,819
Net increase/(decrease) in cash and cash equivalents	1,418	(31,133)
Cash and cash equivalents at the beginning of the period	126,158	116,677
Effect of foreign exchange rate changes	(68)	85
Cash and cash equivalents at the end of the period	127,508	85,629

The notes on pages 10 to 22 form an integral part of this interim financial information.



NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30th June 2014

1 General Information

Automated Systems Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. 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.

This interim financial information is presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated, which was approved for issue on 22nd August 2014.

This interim financial information has not been audited, but has been reviewed by the Company's auditor.

2 Basis of Preparation

This interim financial information for the six months ended 30th June 2014 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") and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31st December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Principal Accounting Policies

The accounting policies applied in this interim financial information are consistent with those described in the financial statements for the year ended 31st December 2013.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1st January 2014, the adoption of these newly effective HKFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact on the Group's results and financial position.

4 Estimates and Judgements

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 expenses. Actual results may differ from these estimates.

In preparing this 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 the year ended 31st December 2013.

5 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

This interim financial information does 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 for the year ended 31st December 2013.

There have been no changes in the risk management department or risk management policies since year ended 31st December 2013.

As at 30th June 2014, the Group did not have any financial assets or financial liabilities measured at fair value (31st December 2013: same).



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

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	
	2014 HK\$'000	2013 HK\$'000
Sales of goods	376,499	436,029
Revenue from service contracts	317,652	372,325
	694,151	808,354

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 2013: 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 2014		
	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Revenue from external customers	376,499	317,652	694,151
Intersegment revenue	36,646	11,079	47,725
Segment revenue	413,145	328,731	741,876
Reportable segment profit	8,163	13,273	21,436
Segment depreciation	92	4,572	4,664
Segment amortisation	-	251	251
Additions to property, plant and equipment	168	1,744	1,912
Additions to intangible assets	-	153	153



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

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 2013		Total HK\$'000
	IT Products HK\$'000	IT Services HK\$'000	
Revenue from external customers	436,029	372,325	808,354
Intersegment revenue	6,503	13,839	20,342
Segment revenue	442,532	386,164	828,696
Reportable segment profit	17,129	24,231	41,360
Segment depreciation	798	5,517	6,315
Segment amortisation	–	1,515	1,515
Additions to property, plant and equipment	–	2,101	2,101
Additions to intangible assets	–	3,790	3,790

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 HK\$'000
Unaudited			
As at 30th June 2014			
Reportable segment assets	289,229	289,269	578,498
Reportable segment liabilities	221,128	132,847	353,975
Audited			
As at 31st December 2013			
Reportable segment assets	325,471	305,971	631,442
Reportable segment liabilities	214,365	134,999	349,364

- (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 unallocated other income, other gain/(loss), net, unallocated depreciation for property, plant and equipment that are used for all segments, share of results of associates, 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, unallocated corporate assets (mainly include property, plant and equipment, investment properties and part of intangible assets that are used by all segments, prepayments, deposits and tax recoverable) and assets of disposal group classified as held for sale.



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

6 Revenue and Segment Information (Cont'd)

(a) (Cont'd)

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities, unallocated corporate liabilities (mainly include accrued charges of the head office and short-term borrowings) and liabilities of disposal group classified as held for sale.

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

(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, total assets and total liabilities of the Group as follows:

Revenue	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Reportable segment revenue	741,876	828,696
Elimination of intersegment revenue	(47,725)	(20,342)
Revenue per condensed consolidated income statement	694,151	808,354

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

Profit or loss	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Reportable segment profit	21,436	41,360
Unallocated amounts:		
Unallocated other income	2,122	3,881
Unallocated other gain/(loss), net	44,259	(556)
Unallocated depreciation	(2,675)	(2,815)
Share of results of associates	(6,530)	73
Finance costs	(995)	(273)
Unallocated corporate expenses	(22,408)	(29,047)
Profit before income tax per condensed consolidated income statement	35,209	12,623



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

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 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Reportable segment assets	578,498	631,442
Unallocated assets:		
Interests in associates	83,004	877
Deferred income tax assets	1,377	320
Unallocated restricted bank deposits	1,071	48
Unallocated cash and cash equivalents	127,508	114,661
Unallocated corporate assets	286,645	283,541
	1,078,103	1,030,889
Assets of disposal group classified as held for sale	–	84,201
Total assets per condensed consolidated balance sheet	1,078,103	1,115,090

Liabilities	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Reportable segment liabilities	353,975	349,364
Unallocated liabilities:		
Current income tax liabilities	4,845	2,972
Deferred income tax liabilities	35,561	35,458
Unallocated corporate liabilities	47,460	86,719
	441,841	474,513
Liabilities of disposal group classified as held for sale	–	31,930
Total liabilities per condensed consolidated balance sheet	441,841	506,443

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, China, Macau, Singapore, Taiwan and Thailand.

Place of domicile	Revenue from external customers		Specified non-current assets	
	Unaudited		Unaudited	
	Six months ended 2014 HK\$'000	30th June 2013 HK\$'000	30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Hong Kong	623,237	702,608	361,138	284,663
China	9,327	11,991	563	692
Macau	22,139	17,773	938	925
Singapore	2,550	27,851	–	–
Taiwan	23,527	35,777	167	20
Thailand	13,197	10,380	278	306
Others	174	1,974	–	–
	694,151	808,354	363,084	286,606



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

7 Other Income

	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Interest on bank deposits	44	86
Rental income from investment properties	1,297	1,297
Sundry income	569	1,961
Others	212	537
	2,122	3,881

8 Other Gain/(Loss), Net

	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Deferred consideration payable		
– Fair value loss	–	(16)
Gain on disposal of property, plant and equipment	47	20
Gain on disposal of subsidiaries (note 23)	44,666	–
Exchange loss, net	(476)	(553)
	44,237	(549)

9 Finance Income

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

10 Profit Before Income Tax

	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation and amortisation:		
Property, plant and equipment	7,339	9,130
Intangible assets (included in cost of services rendered)	251	1,515
Gain on disposal of property, plant and equipment	(47)	(20)
Impairment loss on amounts due from contract customers	6,701	–
Reversal of provision for impairment of trade receivables	(311)	(78)
Staff costs	218,973	240,838



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

11 Income Tax Expense

	Unaudited Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Current taxation:		
Hong Kong profits tax	2,178	2,851
Overseas taxation	23	75
Over-provision in respect of prior period:		
Hong Kong profits tax	(79)	–
Overseas taxation	(1)	–
	2,121	2,926
Deferred taxation:		
Current period	(954)	42
Income tax expense	1,167	2,968

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June 2013: 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 and regions in which the Group operates.

12 Dividends

	Unaudited Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Dividend recognised as distribution during the period:		
Final dividend in respect of the year ended 31st December 2012 of 5.0 HK cents per share	–	15,570

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2014 (six months ended 30th June 2013: nil).



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

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	
	2014 HK\$'000	2013 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	34,073	9,655

	Number of shares	
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	311,403	311,403

Diluted earnings per share for the six months ended 30th June 2014 is the same as the basic earnings per share as there is no dilutive effect of potential ordinary shares outstanding (six months ended 30th June 2013: same).

14 Property, Plant and Equipment

During the six months period ended 30th June 2014, the additions of property, plant and equipment, mainly for computers and office equipment, was approximately HK\$2,111,000 (six months ended 30th June 2013: HK\$2,537,000).

During the six months period ended 30th June 2014, the Group disposed of certain property, plant and equipment at the carrying amount of approximately HK\$2,000 (six months ended 30th June 2013: HK\$232,000), resulting in a gain on disposal of approximately HK\$47,000 (six months ended 30th June 2013: HK\$20,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2013 less depreciation. The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2013 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2014, 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.

As at 30th June 2014, if the leasehold land and buildings had not been revalued, they would have been included in this interim financial information at historical cost, less accumulated depreciation and amortisation with a carrying amount of approximately HK\$47,333,000 (31st December 2013: HK\$48,365,000).

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

As at 30th June 2014, the Group had pledged leasehold land and buildings with a carrying amount of approximately HK\$221,051,000 (31st December 2013: HK\$224,400,000) to secure banking facilities granted to the Group as disclosed in note 25.



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

15 Investment Properties

The investment properties of the Group were last revalued at 31st December 2013 by DTZ Debenham Tie Leung Limited, an independent professional valuer, on the basis of open market value which is determined by reference to market evidence of recent transactions for similar properties.

As at 30th June 2014, 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 2014, the Group had pledged investment properties with carrying amount of approximately HK\$43,000,000 (31st December 2013: HK\$43,000,000) to secure banking facilities granted to the Group as disclosed in note 25.

16 Intangible Assets

Deferred development costs

During the six-month period ended 30th June 2014, the addition of deferred development costs was approximately HK\$153,000 (six months ended 30th June 2013: HK\$3,790,000) for clearly-defined projects that will be recovered through future commercial activities.

Club memberships

Club memberships with indefinite useful lives are stated at costs less any identified impairment losses 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 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Trade receivables – gross	141,255	211,761
Less: provision for impairment	(487)	(798)
	140,768	210,963

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 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Current	92,569	133,836
Within 30 days	15,285	30,035
31–60 days	10,040	23,885
61–90 days	9,125	9,597
Over 90 days	14,236	14,408
	141,255	211,761



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

18 Other Receivables, Deposits and Prepayments

	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Other receivables	2,974	1,524
Deposits	7,831	7,895
Prepayments	18,204	7,551
Amount due from the ultimate holding company	978	–
Amount due from the immediate holding company	13	13
Amount due from an associate	35	16
	30,035	16,999

19 Restricted Bank Deposits

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

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 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Current	114,399	145,817
Within 30 days	39,263	44,089
31–60 days	14,627	21,380
61–90 days	6,317	2,590
Over 90 days	11,247	10,332
	185,853	224,208



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

21 Other Payables and Accruals

	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Other payables	3,390	3,135
Accruals	32,203	39,336
Amount due to the ultimate holding company	-	239
Amount due to a fellow subsidiary	18,114	2,712
Amount due to associates	4,012	1,840
	57,719	47,262

22 Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 30th June 2014 and 31st December 2013	600,000	60,000
Issued and fully paid:		
At 30th June 2014 and 31st December 2013	311,403	31,140

23 Disposal of Subsidiaries

On 28th January 2014, ASL Security Solutions Limited ("ASL Security"), i-Sprint Innovations Pte Ltd ("i-Sprint"), Top Realm Global Limited ("Top Realm") and Superguard Global Holdings Limited ("Superguard") entered into a deed of share gift and trust pursuant to which ASL Security, a wholly-owned subsidiary of the Company principally engaged in the investment holding, owned 100% equity interest in i-Sprint and transferred at nil consideration 9.44% and 7.90% of the then issued share capital of i-Sprint to Top Realm and Superguard for the purpose of new employee share ownership plans adopted by Top Realm and Superguard respectively (the "Share Transfer"). Both Top Realm and Superguard are special purpose vehicles set up, among other things, to hold the award shares on trust for the benefit of the participants of the aforesaid new employee share ownership plans.

On the same date, the Company, ASL Security, i-Sprint, Great Ally Investments Limited ("the Investor"), Top Realm and Superguard entered into a subscription agreement pursuant to which i-Sprint issued and allotted, and the Investor subscribed for 118,973,914 new shares of i-Sprint (representing 41.67% of the enlarged issued share capital of i-Sprint following the completion) for a consideration of USD9,850,000 (equivalent to approximately HK\$76,833,000).

Upon completion of the Share Transfer and the Subscription on 12th February 2014, the Group's shareholding in i-Sprint reduced to 48.22% and the Group ceased its control in i-Sprint and its subsidiaries ("i-Sprint Group", its operating results included in the IT services segment immediately before the disposal), which resulted in a deemed disposal of the Group's interest in i-Sprint Group. As such, i-Sprint Group became associates of the Group with effect from 12th February 2014 and have accounted for in the condensed consolidated financial statements using the equity method. The fair value of the equity interest in i-Sprint Group retained by the Group on the date when control was lost amounting to HK\$88,459,000 which was recognised as deemed cost of interests in associates.



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

23 Disposal of Subsidiaries (Cont'd)

The major classes of assets and liabilities of i-Sprint Group as at the date of disposal are as follows:

	HK\$'000
Property, plant and equipment	1,736
Intangible assets	9,857
Goodwill	35,111
Inventories	174
Trade receivables	10,625
Other receivables, deposits and prepayments	7,121
Amounts due from customers for contract work	10,420
Cash and cash equivalents	11,530
Trade payables	(3,928)
Other payables and accruals	(9,649)
Receipts in advance	(10,000)
Current income tax liabilities	(448)
Borrowings	(9,473)
Deferred income tax liabilities	(895)
	<hr/>
Net assets disposed of	52,181
	<hr/> <hr/>
Gain on disposal of subsidiaries	
Net assets disposed of	(52,181)
Non-controlling interests	8,974
Expenses in connection with the disposal	(1,037)
Cumulated translation reserve in respect of the net assets of the subsidiaries reclassified to profit or loss upon loss of control	451
Fair value of equity interest in i-Sprint Group retained by the Group	88,459
	<hr/>
Gain on disposal of subsidiaries	44,666
	<hr/> <hr/>
Net cash outflow arising from disposal:	
Cash and cash equivalents	(11,530)
	<hr/> <hr/>

24 Contingent Liabilities

As at 30th June 2014, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK\$1,071,000 (31st December 2013: HK\$48,000). As at 30th June 2014, the amount of performance bonds of approximately HK\$45,079,000 (31st December 2013: HK\$43,990,000) had 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\$44,494,000 as at 30th June 2014 (31st December 2013: HK\$44,512,000). The amount utilised against goods supplied as at 30th June 2014 which was secured by the corporate guarantee was approximately HK\$3,179,000 (31st December 2013: HK\$1,074,000).



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2014

25 Pledge of Assets

As at 30th June 2014, the Group's leasehold land and buildings of approximately HK\$221,051,000 (31st December 2013: HK\$224,400,000) and investment properties of approximately HK\$43,000,000 (31st December 2013: HK\$43,000,000) were pledged to secure the banking facilities of the Group.

As at 30th June 2014, the Group's restricted bank deposits of approximately HK\$1,071,000 (31st December 2013: HK\$48,000) were pledged to secure the banking facilities and performance bonds of the Group.

26 Capital Commitments

As at 30th June 2014, the Group had contracted capital commitment of approximately HK\$5,241,000 (31st December 2013: nil).

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 2014, Teamsun Technology (HK) Limited owns 67.05% of the Company's issued shares. The remaining 32.95% of the Company's issued shares were widely held at 30th June 2014. The ultimate parent company of the Company is Beijing Teamsun Technology Co., Ltd. (30th June 2013: same).

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

Nature of transactions	Unaudited Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Ultimate holding company:		
Purchases by the Group	1,622	430
Expenses charged to the Group	467	93
Sales by the Group	112	112
Fellow subsidiaries:		
Purchases by the Group	1,104	-
Sales by the Group	-	595
Immediate holding company:		
Purchases by the Group	-	252
Expenses charged to the Group	-	126
Sales by the Group	4	-
The associates:		
Purchases by the Group	2,781	2,090
Sales by the Group	-	44
Other income charged by the Group	-	61
Rental income charged by the Group	7	99

(b) The remuneration of key management personnel for the six months ended 30th June 2014 amounted to approximately HK\$4,588,000 (six months ended 30th June 2013: HK\$4,879,000).



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2014, revenue of the Group was HK\$694.2 million, lower by 14.1% compared to the same period last year.

For the six months ended 30th June 2014, product sales and service revenue were HK\$376.5 million and HK\$317.7 million, decreasing by 13.6% and 14.7% respectively compared with the corresponding period last year. Product sales and service revenue contributed 54.2% and 45.8% to total revenue respectively, compared to 53.9% and 46.1% with the corresponding period last year.

For the six months ended 30th June 2014, commercial and public sector sales contributed 40.7% and 59.3% to revenue respectively, compared to 42.9% and 57.1% for the corresponding period last year.

In the period under review, the business environment remained challenging, together with conservative customer sentiment and increasingly fierce competition resulted in a considerable fall in revenue. The gross profit margin for the first six months was 8.1%, lower by 1.2% compared to the corresponding period last year. For the first six months, the profit attributable to the Company's equity holders was HK\$34.1 million, higher by 252.9% compared to the corresponding period last year. Such increase was mainly attributable to a one-off gain on the deemed disposal of partial interests in a subsidiary, i-Sprint Innovations Pte Ltd ("i-Sprint"), during the period. Details of the deemed disposal are disclosed in the Company's announcements dated 28th January 2014 and 12th February 2014. After this disposal, substantial investments in business development were made by i-Sprint, turning its business from profit to loss, which resulted in sharing of loss of associates by the Group. The aforesaid one-off gain was partially offset by the share of loss of associates and the decrease in the gross profit margin of our core information technology ("IT") business.

During the period under review, a Business Contract has been terminated, details of which are disclosed in the Company's announcements dated 19th March 2014 and 21st May 2014. The Group has made appropriate provision for the termination of the Business Contract in a prudent manner. Nevertheless, the possible impact arising from the termination of the Business Contract on the Group's results for future financial periods is still under review and subject to negotiation.

For the six months ended 30th June 2014, orders newly secured by the Group amounted to approximately HK\$807.6 million. As of 30th June 2014, the order book balance was approximately HK\$902.6 million, an increase of HK\$88.5 million compared with the corresponding period last year. The Group's net cash stood at approximately HK\$127.5 million with a working capital ratio of 1.74:1. The Group maintained a healthy balance sheet and outstanding borrowings amounted to HK\$22.0 million as at 30th June 2014.

Business Review

In the period under review, the Group continued to win infrastructure, solutions and high-value service contracts from prominent players in different industry sectors. The achievement signifies the Group's leading position remains strong in the markets.

In the public sector, the Group won a significant tender from a statutory body for the provision of personal computer support and related services. This contract lasts for 63 months and covers approximately 20,000 devices, spanning across the customer's headquarters and several hundred offices in Hong Kong. Winning this tender demonstrates our strong experience in long-term and sizable managed services, including helpdesk and hardware maintenance support, one of the Group's business focuses.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business Review (Cont'd)

In the commercial sector, the Group responded to the customers' demand for various IT solutions and high value-added services for cost control and higher operational efficiency. Significant wins included the supply of a document management solution for an entertainment company and the provision of relocation services of IT equipment for a financial institution.

During the review period, the Group continued to benefit from regional opportunities arising from growing security concerns. In addition to securing deals with financial institutions in Hong Kong, the Group continued to garner deals through i-Sprint, a regional leader in Identity, Credential and Access Management (ICAM) solution services for global financial institutions and enterprises. Orders included the provision of i-Sprint's AccessMatrix security solutions to its first second-tier bank in Thailand and also to a Singapore bank with service deployment across its offices located in three countries in Asia Pacific.

To strengthen our capability to provide an integral security mix, the Company brought in Great Ally Investments Limited (a strategic investor under Peregrine Greater China Capital Appreciation Fund, L.P.) to subscribe new shares of i-Sprint with a consideration at US\$9,850,000. Upon completion, the Group has become a major shareholder of i-Sprint. Through complementing each other's strengths, we expect to create greater synergy with i-Sprint.

Outlook and Prospects

Since the Hong Kong economy still plays a major role in the future development of the Group, we will keep a close eye on the anticipated business opportunities arising from fast-growing industries, such as the aviation industry. Meanwhile, we will hone our strategy to accommodate in particular the Hong Kong government's IT initiatives, for example, the adoption of open source applications by government departments, electronic information management, web accessibility and the government's human resources management services.

Apart from continuous effort to boost our infrastructure and managed services business, we will continue our strategy to develop various kinds of advanced IT solutions, for example, business intelligence and enterprise content management solutions. We will seek close collaboration with world-leading partners to develop best-of-breed solutions that are based on our respective industry-leading solutions in hardware, software and one-stop professional services.

Among IT solutions, we will focus on developing security solutions to address the trends of sophisticated threats, expanding regulatory compliance requirements, data protection, mobility and cloud computing. We will not only partner with i-Sprint but also work closely with other providers of global security solutions. By doing so, the Group expects to offer more comprehensive solutions and secure a leading position in the IT and security markets in the region.

In addition, we will invest in facilities, technologies and talent to provide the best service for our regional customers.

As a leading Asia IT services and solution provider, we are committed to become the most trustworthy and professional IT partner for our customers. Our services and solutions enable our customers to achieve the strongest market competitiveness and excellence in service. We will continue to optimise the Group's human capital efficiency, refine and streamline the operation process, improve services and create greater synergies with Beijing Teamsun Technology Co., Ltd., our parent company, to improve the Group's core IT business and expand the Group's market coverage.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Resources and Liquidity

As at 30th June 2014, the Group's total assets of HK\$1,078.1 million were financed by current liabilities of HK\$406.3 million, non-current liabilities of HK\$35.5 million and shareholders' equity of HK\$636.3 million. The Group had a working capital ratio of approximately 1.74:1.

As at 30th June 2014, the Group had an aggregate composite banking facility from banks of approximately HK\$311.1 million (31st December 2013: HK\$310.0 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK\$264.1 million (31st December 2013: HK\$267.4 million) and restricted bank deposits of approximately HK\$1.1 million (31st December 2013: HK\$0.1 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\$45.1 million as at 30th June 2014 (31st December 2013: HK\$44.0 million). The Group's gearing ratio (total borrowings over total equity) was 3.5% as at 30th June 2014 (31st December 2013: 8.1%).

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, clean import loans 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 ("HKD") and United States dollars ("USD"). The short-term borrowings are denominated in HKD and USD.

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in USD and HKD. Foreign exchange exposure to USD 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 HKD to USD 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 2014 (six months ended 30th June 2013: same).

Contingent Liabilities

As at 30th June 2014, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK\$1.1 million (31st December 2013: HK\$0.1 million). As at 30th June 2014, performance bonds of approximately HK\$45.1 million (31st December 2013: HK\$44.0 million) had 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 2014 (31st December 2013: HK\$44.5 million). The amount utilised against goods supplied as at 30th June 2014 which was secured by the corporate guarantee was approximately HK\$3.2 million (31st December 2013: HK\$1.1 million).

Capital Commitments

As at 30th June 2014, the Group had contracted capital commitment amounted to approximately HK\$5.2 million (31st December 2013: nil).

Employee and Remuneration Policies

As at 30th June 2014, the Group, excluding its associates, employed 1,306 permanent and contract staff in Hong Kong, China, Taiwan, Macau and Thailand. 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 2014 (six months ended 30th June 2013: nil).

Directors' Interests in Shares and Underlying Shares

As at 30th June 2014, 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 ¹	3,949,621	–	–	–	3,949,621	1.27%
	Hui Wing Choy, Henry ²	974,000	–	–	–	974,000	0.31%
Automated Systems (H.K.) Limited	Lai Yam Ting, Ready ¹	1,070,000 ³	–	–	–	1,070,000	N/A ⁴
Beijing Teamsun Technology Co., Ltd. ("Teamsun")	Hu Liankui	30,430,477	–	–	–	30,430,477	4.71%
	Wang Weihang	64,587,446	–	–	–	64,587,446	10.00%

(b) Underlying shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total
Automated Systems Holdings Limited	Hui Wing Choy, Henry ²	2,609,000 ⁵	–	–	–	2,609,000
	Leung Tat Kwong, Simon	1,020,000 ⁵	–	–	–	1,020,000
i-Sprint Innovations Pte Ltd ("i-Sprint")	Leung Tat Kwong, Simon	2,239,748 ⁶	–	–	–	2,239,748



ADDITIONAL INFORMATION (Cont'd)

Directors' Interests in Shares and Underlying Shares (Cont'd)

Notes:

1. Mr. Lai Yam Ting, Ready resigned as a Director of the Company with effect from 1st July 2014.
2. Mr. Hui Wing Choy, Henry resigned as a Director of the Company with effect from 23rd July 2014.
3. These shares were non-voting deferred shares.
4. 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.
5. Options to acquire ordinary shares of the Company, further details of which are set out in section headed "Share Option Scheme" below.
6. Restricted share units confer rights to holders receiving existing ordinary shares of i-Sprint, an associate of the Company, upon vesting at no consideration pursuant to an employee share ownership plan adopted by Superguard Global Holdings Limited ("Superguard") on 28th January 2014. Superguard is a special purpose vehicle set up, among other things, to hold the award shares on trust for the benefit of the participants of the aforesaid plan.

Save as disclosed above, as at 30th June 2014, 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 2014, 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 ¹	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 disclosed above, as at 30th June 2014, 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 Option Scheme

The Company adopted a share option scheme (the "Scheme") on 8th August 2002 for the purpose of providing incentives and rewards to any employee and/or Director of the Company or any of its subsidiaries. The Scheme expired on 7th August 2012. As a result, the Company can no longer grant any further share options under the 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 2014	Date of grant	Exercise period	Exercise price HK\$
	At 1st January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
Hui Wing Choy,	690,000	-	-	-	-	690,000	19.3.2012	19.3.2013 to 18.3.2022	1.09
Henry ²	1,919,000	-	-	-	-	1,919,000	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>2,609,000</u>	-	-	-	-	<u>2,609,000</u>			
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
	<u>1,020,000</u>	-	-	-	-	<u>1,020,000</u>			
Other employees									
	4,260,000	-	-	(660,000)	-	3,600,000	19.3.2012	19.3.2013 to 18.3.2022	1.09
	3,666,000	-	-	(1,656,000)	-	2,010,000	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>7,926,000</u>	-	-	<u>(2,316,000)</u>	-	<u>5,610,000</u>			
Total	<u>11,555,000</u>	-	-	<u>(2,316,000)</u>	-	<u>9,239,000</u>			

Notes:

- 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.
- Mr. Hui Wing Choy, Henry resigned as a Director of the Company with effect from 23rd July 2014.



ADDITIONAL INFORMATION (Cont'd)

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2014, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the changes in information of Directors of the Company are set out below:

1. Mr. Leung Tat Kwong, Simon ("Mr. Leung") was appointed as the Chief Executive Officer of the Company with effect from 23rd July 2014. He was also appointed as the chairman of the Management Committee of the Company with effect from 23rd May 2014.

Mr. Leung and the Company entered into a service contract for a term of three years commencing from 23rd July 2014. His directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-laws. Mr. Leung is entitled to an annual basic salary of HK\$2,760,000, a performance related incentive payment calculated based on measurable performance contribution of the Company and its subsidiaries and other benefits in kind. Mr. Leung's remuneration was determined by reference to his duties and responsibilities, experience, performance and market conditions.

Mr. Leung also ceased to be a senior advisor acting on behalf of the Company with Teamsun, the ultimate holding company of the Group listed on the Shanghai Stock Exchange following his appointment as a director of Teamsun in March 2014.

2. Mr. Wang Weihang ("Mr. Wang") was re-designated from a Non-Executive Director to an Executive Director of the Company with effect from 23rd May 2014. He also ceased to be the chairman, but remains as a member of the Management Committee of the Company with effect from the same date.

Mr. Wang was also re-designated from the vice chairman to the chairman of Teamsun with effect from 14th March 2014.

3. Mr. Hu Liankui was appointed as a member of the Investment Committee of the Company with effect from 23rd May 2014. He also retired as a director and ceased to be the chairman of Teamsun with effect from 14th March 2014.



ADDITIONAL INFORMATION (Cont'd)

Update on Directors' Information (Cont'd)

4. Mr. Hui Wing Choy, Henry resigned as the Chief Executive Officer and an Executive Director of the Company with effect from 23rd July 2014. He also ceased to be a member of the Management Committee and the Investment Committee and resigned as a director of certain subsidiaries of the Company with effect from 23rd May 2014.
5. Mr. Lai Yam Ting, Ready retired as an Executive Director of the Company and ceased to be the Vice Chairman of the Board with effect from 1st July 2014. He also ceased to be a member of the Management Committee and the Investment Committee and resigned as a director of certain subsidiaries of the Company with effect from the same date.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted 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 2014, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

Corporate Governance

The Company has complied with the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules throughout the accounting period for the six months ended 30th June 2014 except as noted below:

- (a) with respect to Code provision 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 provision 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 2014, the Board comprises Mr. Leung Tat Kwong, Simon and Mr. Wang Weihang being Executive Directors; Mr. Hu Liankui being Non-Executive Director; and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.