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# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2010

### RESULTS

The Board of Directors (the “Directors”) of Automated Systems Holdings Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2010 together with comparative figures for the previous year as follows:

#### Consolidated Income Statement

	Note	Three months ended 31st March		Year ended 31st March	
		2010 HK\$'000 Unaudited	2009 HK\$'000 Unaudited	2010 HK\$'000 Unaudited	2009 HK\$'000 Audited
<b>Continuing operations</b>					
<b>REVENUE</b>	2	<b>398,001</b>	368,338	<b>1,329,982</b>	1,360,988
Cost of goods sold		(244,512)	(216,864)	(738,832)	(761,890)
Cost of services rendered	5	(101,298)	(95,129)	(433,096)	(431,554)
Other income	3	2,938	2,409	7,386	8,612
Fair value gain on revaluation of investment properties		3,590	-	3,590	-
Selling expenses	5	(17,030)	(24,570)	(66,410)	(82,672)
Administrative expenses	5	(13,901)	(18,437)	(50,717)	(50,868)
Finance costs	4	-	(230)	-	(234)
Share of results of associates		965	44	1,714	880
<b>PROFIT BEFORE INCOME TAX</b>		<b>28,753</b>	15,561	<b>53,617</b>	43,262
Income tax expense	6	(5,365)	(4,768)	(10,449)	(9,423)
<b>Profit from continuing operations</b>		<b>23,388</b>	10,793	<b>43,168</b>	33,839
<b>Discontinued operations</b>					
Profit from discontinued operations	16	-	921	72,598	8,812
<b>Profit for the period/year attributable to equity holders of the Company</b>		<b>23,388</b>	11,714	<b>115,766</b>	42,651

## Consolidated Income Statement (Cont'd)

	Note	Three months ended 31st March		Year ended 31st March	
		2010 HK cents Unaudited	2009 HK cents Unaudited	2010 HK cents Unaudited	2009 HK cents Audited
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company	8				
<b>Basic earnings per share</b>					
From continuing operations		6.81	3.63	14.04	11.39
From discontinued operations		-	0.31	23.61	2.97
		<u>6.81</u>	<u>3.94</u>	<u>37.65</u>	<u>14.36</u>
<b>Diluted earnings per share</b>					
From continuing operations		6.81	3.62	14.01	11.35
From discontinued operations		-	0.31	23.57	2.96
		<u>6.81</u>	<u>3.93</u>	<u>37.58</u>	<u>14.31</u>
				HK\$'000	HK\$'000
<b>DIVIDENDS</b>	7				
Special dividends				286,491	32,696
Interim dividends				-	11,889
Final dividends				-	17,834
				<u>-</u>	<u>51,419</u>

## Consolidated Statement of Comprehensive Income

	Three months ended 31st March		Year ended 31st March	
	2010 HK\$'000 Unaudited	2009 HK\$'000 Unaudited	2010 HK\$'000 Unaudited	2009 HK\$'000 Audited
<b>Profit for the period/year</b>	23,388	11,714	115,766	42,651
<b>Other comprehensive income/(loss):</b>				
Revaluation surplus/(deficit) of leasehold land and buildings	19,418	(18,279)	19,418	(18,279)
Deferred taxation arising from revaluation surplus/(deficit) of leasehold land and buildings	(3,204)	3,016	(3,204)	3,016
Exchange differences on translation of overseas operations	781	(970)	727	(3,223)
<b>Other comprehensive income/(loss) for the period/year, net of tax</b>	<u>16,995</u>	<u>(16,233)</u>	<u>16,941</u>	<u>(18,486)</u>
<b>Total comprehensive income/(loss) for the period/year attributable to equity holders of the Company</b>	<u>40,383</u>	<u>(4,519)</u>	<u>132,707</u>	<u>24,165</u>

## Consolidated Balance Sheet

		<b>31st March</b>	
	<i>Note</i>	<b>2010</b>	2009
		<b>HK\$'000</b>	HK\$'000
		<b>Unaudited</b>	Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>130,827</b>	174,899
Investment properties		<b>18,900</b>	-
Intangible assets		<b>700</b>	2,503
Interests in associates		<b>3,095</b>	1,381
Trade receivables	10	<b>627</b>	-
		<b>154,149</b>	178,783
<b>CURRENT ASSETS</b>			
Inventories		<b>101,820</b>	104,467
Trade receivables	10	<b>147,924</b>	126,314
Other receivables, deposits and prepayments	11	<b>27,019</b>	24,861
Amounts due from customers for contract work		<b>90,423</b>	63,184
Restricted bank deposits	12	<b>29,538</b>	-
Cash and cash equivalents	12	<b>279,988</b>	385,953
		<b>676,712</b>	704,779
<b>TOTAL ASSETS</b>		<b>830,861</b>	883,562
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital		<b>31,140</b>	29,743
Share premium		<b>104,947</b>	78,944
Reserves		<b>269,386</b>	422,809
<b>TOTAL EQUITY</b>		<b>405,473</b>	531,496
<b>NON-CURRENT LIABILITIES</b>			
Deferred income tax liabilities		<b>11,056</b>	14,571
Deferred income		<b>24</b>	-
		<b>11,080</b>	14,571
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>189,850</b>	151,499
Other payables and accruals	14	<b>52,287</b>	58,849
Receipts in advance		<b>166,855</b>	121,371
Current income tax liabilities		<b>5,316</b>	5,776
		<b>414,308</b>	337,495
<b>TOTAL LIABILITIES</b>		<b>425,388</b>	352,066
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>830,861</b>	883,562
<b>NET CURRENT ASSETS</b>		<b>262,404</b>	367,284
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>416,553</b>	546,067

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. Application of New and Revised Hong Kong Financial Reporting Standards

(a) The following amendments to standards are mandatory for the first time for the financial year beginning 1st April 2009 and are relevant to the Group:

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner's changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 7 "Financial Instruments – Disclosures" (amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

(b) The following amendments to standards and interpretations to existing standards are mandatory for the financial year beginning 1st April 2009, but are not currently relevant to the Group and does not have any material financial impact on the Group's consolidated financial statements:

HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HK(IFRIC) - Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estates
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation

(c) Amendment early adopted by the Group:

The Group early adopted the Improvement to HKFRS 2009 - Amendment to HKAS 17 Leases (effective for annual periods beginning on or after 1st January 2010) ("the Amendment"). The Amendment, which is applied retrospectively, removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the Amendment on the basis of information existing at the inception of the leases. The leasehold interests in land has been re-assessed as a finance lease and accounted for as property, plant and equipment on adoption of the Amendment. The early adoption of the Amendment does not have any impact on the consolidated financial statements.

(d) The following new standards, amendments to standards and interpretations to existing standards are not yet effective for the year ended 31st March 2010 and have not been early adopted by the Group:

HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of rights issue
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 (Amendment)	Group cash-settled share-based payment transaction
HKFRS 3 (Revised)	Business Combinations
HKFRS 5	Non-current assets held for sale and discontinued operations
HKFRS 9	Financial Instruments
HK(IFRIC) - Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to HKFRS published by HKICPA in October 2008:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 2 (Amendment)	Inventories
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employee Benefits
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 29 (Amendment)	Financial Reporting in Hyperinflationary Economies

HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property
HKAS 41 (Amendment)	Agriculture
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations

Other minor amendments to HKFRS 7 - Financial Instruments: Disclosures, HKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, HKAS 10 - Events After the Reporting Period, HKAS 18 - Revenue and HKAS 34 - Interim Financial Reporting.

Improvements to HKFRS published by HKICPA in May 2009:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 18 (Amendment)	Revenue
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 (Amendment)	Operating Segments
HK(IFRIC) - Int 9 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 16 (Amendment)	Hedges of a Net Investment in a Foreign Operation

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

## 2. 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:

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	<b>270,223</b>	242,683	<b>814,011</b>	855,334
Revenue from service contracts	<b>127,778</b>	125,655	<b>515,971</b>	505,654
	<b><u>398,001</u></b>	<b><u>368,338</u></b>	<b><u>1,329,982</u></b>	<b><u>1,360,988</u></b>

The chief operating decision maker has been identified as the Directors. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on the Group's internal reporting.

The Group is organised into three operating divisions – Information Technology Products (“IT Products”), Information Technology Services (“IT Services”) and Global Managed Services (“GMS”). 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 save for the business under GMS segment.

### IT Services

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

### GMS

Being the business undertaken by the Group in the provision of global management services (which include information technology infrastructure administrative services function, facilities management, network operation maintenance and on-site support, hardware maintenance and desktop computing services) to clients in Asia including Hong Kong, Thailand and Taiwan. The Group disposed of the GMS business in August 2009 and the results of the GMS is presented as discontinued operations (note 16).

Segment information about these businesses is presented below:

**Three months ended 31st March 2010**

	<u>Continuing Operations</u>		<u>Total Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total Group</u>
	<u>IT Products</u>	<u>IT Services</u>		<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
Revenue from external customers	270,223	127,778	398,001	-	398,001
Intersegment revenue	1,335	18,665	20,000	-	20,000
Segment revenue	271,558	146,443	418,001	-	418,001
Reportable segment profit	13,026	22,330	35,356	-	35,356
Depreciation and amortisation	112	1,373	1,485	-	1,485
Additions to property, plant and equipment	310	2,114	2,424	-	2,424

**Year ended 31st March 2010**

	<u>Continuing Operations</u>		<u>Total Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total Group</u>
	<u>IT Products</u>	<u>IT Services</u>		<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
Revenue from external customers	814,011	515,971	1,329,982	30,070	1,360,052
Intersegment revenue	10,237	29,798	40,035	-	40,035
Segment revenue	824,248	545,769	1,370,017	30,070	1,400,087
Reportable segment profit	33,264	59,120	92,384	4,170	96,554
Reportable segment assets	230,641	141,387	372,028	-	372,028
Reportable segment liabilities	253,021	117,879	370,900	-	370,900
Depreciation and amortisation	1,170	7,735	8,905	10,573	19,478
Additions to property, plant and equipment	1,444	7,153	8,597	3,268	11,865

**Three months ended 31st March 2009**

	<u>Continuing Operations</u>		<u>Total Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total Group</u>
	<u>IT Products</u>	<u>IT Services</u>		<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
Revenue from external customers	242,683	125,655	368,338	19,572	387,910
Intersegment revenue	13,845	10,109	23,954	-	23,954
Segment revenue	256,528	135,764	392,292	19,572	411,864
Reportable segment profit	1,967	33,262	35,229	1,103	36,332
Depreciation and amortisation	432	4,054	4,486	11,201	15,687
Additions to property, plant and equipment	-	6,564	6,564	3,231	9,795

Year ended 31st March 2009

	<u>Continuing Operations</u>		<u>Total Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total Group</u>
	<u>IT Products</u>	<u>IT Services</u>		<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
Revenue from external customers	855,334	505,654	1,360,988	80,975	1,441,963
Intersegment revenue	21,831	40,961	62,792	-	62,792
Segment revenue	877,165	546,615	1,423,780	80,975	1,504,755
Reportable segment profit	22,644	65,682	88,326	10,553	98,879
Reportable segment assets	202,872	106,965	309,837	63,590	373,427
Reportable segment liabilities	175,603	97,769	273,372	11,332	284,704
Depreciation and amortisation	1,944	10,733	12,677	29,554	42,231
Additions to property, plant and equipment	87	8,692	8,779	9,379	18,158

- (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 share-based payment expense, share of results of associates, unallocated other income, finance costs, gain/(loss) on disposal of property, plant and equipment, fair value gain on revaluation of investment properties and other corporate expenses (mainly include depreciation and amortisation of property, plant and equipment and intangible assets, staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, restricted bank deposits and cash and cash equivalents and unallocated corporate assets (mainly include property, plant and equipment 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).

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

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

Inter-segment sales are charged at cost plus a percentage profit mark-up.

<b>Profit or loss</b>	<b>Three months ended</b>		<b>Year ended</b>	
	<b>31st March</b>		<b>31st March</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment profit	<b>35,356</b>	35,229	<b>92,384</b>	88,326
Unallocated amounts:				
Unallocated other income	<b>2,743</b>	-	<b>6,646</b>	5,158
Fair value gain on revaluation of investment properties	<b>3,590</b>	-	<b>3,590</b>	-
Unallocated finance costs	-	(230)	-	(234)
Gain/(loss) on disposal of property, plant and equipment	-	(23)	-	(30)
(Reversal)/charge of share-based payment expense	-	35	<b>(361)</b>	(854)
Share of results of associates	<b>965</b>	44	<b>1,714</b>	880
Unallocated corporate expense	<b>(13,901)</b>	(19,494)	<b>(50,356)</b>	(49,984)
Profit before income tax from continuing operations per consolidated income statement	<b>28,753</b>	15,561	<b>53,617</b>	43,262

<b>Assets</b>	<b>31st March</b>	
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	<b>372,028</b>	373,427
Unallocated assets:		
Interests in associates	<b>3,095</b>	1,381
Unallocated restricted bank deposits	<b>29,538</b>	-
Unallocated cash and cash equivalents	<b>279,988</b>	385,953
Unallocated corporate assets	<b>146,212</b>	122,801
	<hr/>	<hr/>
Total assets per consolidated balance sheet	<b>830,861</b>	883,562
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<b>Liabilities</b>	<b>31st March</b>	
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment liabilities	<b>370,900</b>	284,704
Unallocated liabilities:		
Current income tax liabilities	<b>5,316</b>	5,776
Deferred income tax liabilities	<b>11,056</b>	14,571
Unallocated corporate liabilities	<b>38,116</b>	47,015
	<hr/>	<hr/>
Total liabilities per consolidated balance sheet	<b>425,388</b>	352,066
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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, Taiwan and Thailand.

<b>Place of domicile</b>	<b>Revenue from continuing operations from external customers</b>		<b>Revenue from continuing operations from external customers</b>	
	<b>Three months ended</b>		<b>Year ended</b>	
	<b>31st March</b>		<b>31st March</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>356,180</b>	329,304	<b>1,182,242</b>	1,198,447
Guangzhou	<b>1,650</b>	10,217	<b>27,550</b>	18,379
Macau	<b>9,195</b>	19,603	<b>51,846</b>	62,280
Taiwan	<b>6,971</b>	3,099	<b>26,135</b>	49,793
Thailand	<b>24,005</b>	6,115	<b>42,209</b>	32,089
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	<b>398,001</b>	368,338	<b>1,329,982</b>	1,360,988
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<b>Place of domicile</b>	<b>Non-current assets</b>	
	<b>31st March</b>	
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>147,400</b>	173,700
Guangzhou	<b>1,144</b>	381
Macau	<b>4,216</b>	2,816
Taiwan	<b>484</b>	616
Thailand	<b>905</b>	1,270
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	<b>154,149</b>	178,783
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### 3. Other Income

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank deposits	230	441	942	3,869
Equipment rental income	864	864	3,454	3,454
Rental income from investment properties	374	-	932	-
Exchange gain	1,361	-	1,361	-
Others	109	1,104	697	1,289
	<u>2,938</u>	<u>2,409</u>	<u>7,386</u>	<u>8,612</u>

### 4. Finance Costs

During the year ended 31st March 2009, the amount represented interest on bank borrowings that were wholly repaid during the same year.

### 5. Expenses By Nature

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before income tax from continuing operations has been arrived after charging/(crediting):				
Depreciation and amortisation:				
Property, plant and equipment	4,365	4,498	16,386	20,465
Intangible assets (included in costs of services rendered)	-	667	694	1,446
(Gain)/loss on disposal of property, plant and equipment	(76)	23	(62)	30
Staff costs	87,127	78,233	343,208	315,859
	<u>87,127</u>	<u>78,233</u>	<u>343,208</u>	<u>315,859</u>

### 6. Income Tax Expense

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation:				
Hong Kong profits tax	5,064	5,156	10,092	13,989
Overseas taxation	344	161	464	906
Underprovision in prior periods/years:				
Hong Kong profits tax	212	83	212	83
Overseas taxation	-	-	-	-
	<u>5,620</u>	<u>5,400</u>	<u>10,768</u>	<u>14,978</u>
Deferred taxation:				
Current period/year	(255)	(4,094)	(319)	(4,232)
Effect of change in tax rate	-	3,462	-	(1,323)
	<u>(255)</u>	<u>(632)</u>	<u>(319)</u>	<u>(5,555)</u>
Income tax expense	<u>5,365</u>	<u>4,768</u>	<u>10,449</u>	<u>9,423</u>

Hong Kong profits tax has been provided at the rate of 16.5% (FY09: 16.5%) on the estimated assessable profits for the period/year. In June 2008, the Hong Kong government enacted a change in the profits tax rate from 17.5% to 16.5% commencing from the fiscal year 2008/2009. Taxation on overseas profits has been calculated on the estimated assessable profits for the period/year at the rates of taxation prevailing in the countries in which the Group operates.

## 7. Dividends

	Year ended 31st March	
	2010 HK\$'000	2009 HK\$'000
Dividends recognised as distribution during the year:		
Special dividend in respect of FY09 of 92.0 HK cents per share (FY09: 11.0 HK cents in respect of FY08) per share	286,491	32,696
Interim dividend in respect of FY09 of 4.0 HK cents per share	-	11,889
Final dividend in respect of FY08 of 6.0 HK cents per share	-	17,834
	<u>286,491</u>	<u>62,419</u>
Dividends proposed:		
Special dividend in respect of FY09 of 92.0 HK cents per share	-	273,633
	<u>-</u>	<u>273,633</u>

The Directors did not recommend the payment of a final dividend for the year ended 31st March 2010. During the year ended 31st March 2010, a special dividend of 92.0 HK cents per share was paid to shareholders.

## 8. 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:

	Three months ended 31st March		Year ended 31st March	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share	<u>23,388</u>	<u>11,714</u>	<u>115,766</u>	<u>42,651</u>
	Number of shares		Number of shares	
	2010 '000	2009 '000	2010 '000	2009 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	343,684	297,075	307,476	297,075
Effect of dilutive potential ordinary shares – Share options	<u>-</u>	<u>964</u>	<u>553</u>	<u>964</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>343,684</u>	<u>298,039</u>	<u>308,029</u>	<u>298,039</u>

**Earnings per share from continuing operations attributable to the equity holders of the Company**

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share from continuing operations	<u>23,388</u>	<u>10,793</u>	<u>43,168</u>	<u>33,839</u>

**Earnings per share from discontinued operations attributable to the equity holders of the Company**

	Three months ended		Year ended	
	31st March		31st March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share from discontinued operations	<u>-</u>	<u>921</u>	<u>72,598</u>	<u>8,812</u>

**9. Property, Plant and Equipment**

During the year, the Group spent approximately HK\$16,666,000 (FY09: HK\$26,763,000) mainly on additions to computer and office equipment.

The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st March 2010 and 31st March 2009 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. The revaluation gave rise to a revaluation surplus net of applicable deferred income taxes of HK\$16,214,000 (FY09: deficit of HK\$15,263,000) which has been credited/(charged) to the property revaluation reserve.

If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost, less accumulated depreciation and amortisation, of approximately HK\$56,111,000 (FY09: HK\$69,182,000).

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

**10. Trade Receivables**

	31st March	
	2010	2009
	HK\$'000	HK\$'000
Trade receivables	151,402	130,849
Less: provision for impairment of receivables	<u>(2,851)</u>	<u>(4,535)</u>
Trade receivables – net	148,551	126,314
Less: non-current portion of trade receivables	<u>(627)</u>	<u>-</u>
	<u>147,924</u>	<u>126,314</u>

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

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.

	<b>31st March</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	119,171	77,559
Within 30 days	9,583	24,893
31 - 60 days	11,488	9,786
61 - 90 days	3,730	4,428
Over 90 days	7,430	14,183
	<u>151,402</u>	<u>130,849</u>

#### 11. Other Receivables, Deposits and Prepayments

	<b>31st March</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other receivables	595	101
Deposits	6,091	6,351
Prepayments	17,998	12,922
Amounts due from former fellow subsidiaries	2,335	5,487
	<u>27,019</u>	<u>24,861</u>

#### 12. Restricted bank deposits, cash and cash equivalents

	<b>31st March</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash at bank and on hand	264,079	377,499
Short-term bank deposits	15,909	8,454
	<u>279,988</u>	<u>385,953</u>
Restricted bank deposits	<u>29,538</u>	<u>-</u>

Restricted bank deposits as at 31st March, 2010 represented fixed term deposit placed in commercial banks in Hong Kong and Thailand that were pledged against certain banking facilities granted to the Group.

#### 13. Trade Payables

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

	<b>31st March</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	129,757	96,245
Within 30 days	34,454	46,312
31 - 60 days	12,205	5,751
61 - 90 days	4,289	1,283
Over 90 days	9,145	1,908
	<u>189,850</u>	<u>151,499</u>

#### 14. Other Payables and Accruals

	<b>31st March</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	<b>13,759</b>	5,370
Accruals	<b>37,234</b>	26,735
Deferred income	<b>631</b>	-
Amount due to the ultimate holding company	<b>597</b>	-
Amount due to the former ultimate holding company	-	16,874
Amounts due to former fellow subsidiaries	-	9,160
Amount due to an associate	<b>66</b>	710
	<b>52,287</b>	<b>58,849</b>

#### 15. Pledge of Assets

At 31st March 2010, the Group's restricted bank balances were pledged to secure the banking facility of the Group (31st March 2009: Nil). At 31st March 2009, the Group's bank deposits of approximately HK\$100,000 had been pledged to secure the banking facilities of the Group.

#### 16. Profit from Discontinued Operations

On 24th April 2009, Computer Sciences Corporation ("CSC"), the former ultimate holding company of the Company, has entered into a conditional agreement with an independent third party to transfer its controlling interest in the Company to a third party (the "Share Purchase Agreement"). The conditions precedent to the Share Purchase Agreement include, inter alia, the completion of a conditional agreement entered into between the Company and CSC Computer Sciences HK Limited ("CSC HK", the former fellow subsidiary of the Company) on 24th April 2009 (hereinafter referred to as the "Global Account Transfer Agreement") and the payment of a special dividend of 92.0 HK cents per share to the then shareholders of the Company (the "Special Dividend"). The Global Account Transfer Agreement and the Special Dividend have been approved in the special general meeting of the Company held on 17th July 2009.

The closing of the Global Account Transfer Agreement took place on 28th August 2009. Pursuant to the terms of the Global Account Transfer Agreement, the Group has transferred its GMS business to CSC HK ("the Disposal", which is effected through transfer of service contracts, customer orders, hardware, software and licensed intellectual property) for a cash consideration of HK\$125 million. The completion of the Share Purchase Agreement took place on 23rd September 2009. Details of the above are set out in the Company's joint announcements dated 6th May 2009, 28th August 2009, 22nd September 2009 and 23rd September 2009 made by Teamsun Technology (HK) Limited ("Hong Kong Teamsun") and the Company ("Joint Announcements") and the Company's circular dated 30th June 2009 (the "Circular") and announcement dated 17th July 2009.

The results of the GMS business are presented in the consolidated financial statements as discontinued operations. An analysis of the results and cash flows of the discontinued operations is as follows:

	<b>Three months ended</b>		<b>Year ended</b>	
	<b>31st March</b>		<b>31st March</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	-	19,572	<b>30,070</b>	80,975
Expenses	-	(18,469)	<b>(25,900)</b>	(70,422)
Profit before income tax from discontinued operations	-	1,103	<b>4,170</b>	10,553
Income tax expense	-	(182)	<b>(688)</b>	(1,741)
Profit after income tax from discontinued operations	-	921	<b>3,482</b>	8,812
Pre-tax gain on the Disposal (note a)	-	-	<b>69,116</b>	-
Income tax expense	-	-	-	-
Post-tax gain on the Disposal	-	-	<b>69,116</b>	-
Profit from discontinued operations	-	921	<b>72,598</b>	8,812

Note a

The composition of the gain on the Disposal is as follows:

	<b>2010</b>
	<b>HK\$'000</b>
Sales proceed from the Disposal	<b>125,007</b>
Less:	
Property, plant and equipment	<b>(37,926)</b>
Intangible assets	<b>(854)</b>
Other directly attributable costs	<b>(17,111)</b>
	<hr/>
Pre-tax gain on the Disposal	<b>69,116</b>
	<hr/> <hr/>

## **DIVIDEND**

A special dividend of 92.0 HK cents per share was paid to shareholders on 10th September 2009. The Directors did not recommend the payment of a final dividend for the year ended 31st March 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

The Group recorded revenue of HK\$1,330.0 million for the year ended 31st March 2010 from the continuing operations, excluding the discontinued operations which arose from the disposal of GMS business in August 2009, lower by HK\$31.0 million or 2.3% compared to FY09. The revenue contributed from the continuing operations of the Group for the last quarter in FY10 amounted to HK\$398.0 million, which is higher by 8.1% compared to the corresponding period in FY09.

The product sales and service revenue from continuing operations of the Group for FY10 was HK\$814.0 million and HK\$516.0 million, decreased by 4.8% and increased by 2.0% respectively compared with FY09. The decrease in products sales was the main attributor to the decrease in revenue in FY10. Product sales and service revenue contributed 61.2% and 38.8% to total revenue from the continuing operations respectively. Commercial and public sector sales in FY10 contributed 46.4% and 53.6% to revenue from continuing operations respectively as compared to 48.4% and 51.6% last year.

For FY10, the Group recorded a profit of HK\$115.8 million, including the post-tax gain on disposal from the GMS business of HK\$69.1 million, which is HK\$63.8 million higher than the previous year. Profit before income tax from continuing operations for the fourth quarter in FY10 was HK\$28.8 million, higher by 84.8% compared to the corresponding period last year. Profit before income tax from continuing operations for FY10 was HK\$53.6 million, increased by 23.9% compared to FY09. With the effective costs control of the Group, the decrease in revenue was off-set by the reduction of direct costs and general expenses and increase in profit during the year under review.

The profit before and after income tax of the discontinued operations for FY10 was HK\$4.2 million and HK\$3.5 million respectively, compared to HK\$10.6 million and HK\$8.8 million of last year.

As of 31st March 2010, the order book balance was approximately HK\$575.3 million. The cash of the Group is approximately HK\$280.0 million and the Group's working capital ratio stood at 1.63:1. The Group continues to maintain a healthy balance sheet and no debt was recorded during the year under review.

### **Business Review**

The table below outlines a number of significant contracts and tenders that were awarded to the Group during the year ended 31st March 2010.

## Hong Kong

### *Infrastructure Business*

A leading international bank

An approximately HK\$10 million dollar contract for the provision of enterprise servers with maintenance services

A leading Hong Kong-based airline

A multi-million dollar IT infrastructure project for the provision of new IBM POWER7 servers, various hardware and database upgrade services

### *Solution Business*

Hong Kong Examinations and Assessment Authority

An over HK\$50 million contract for the provision of certain professional services, hardware and software for the development of the Hong Kong Diploma of Secondary Education (“HKDSE”) Examination System

A government department

Enhancement on a Human Resources Management Information System

### *Services Business*

Hong Kong Housing Authority

Provision of 3-year Information Technology (IT) Development Services amounted over HK\$40 million

Hospital Authority

A 36-month tender for the provision of Hardware Maintenance Services of NT Servers, Personal Computers, Printers and Related Peripherals (Category A), effective from 1st October 2009 and has an value of approximately HK\$20 million

A government department

A multi-million dollar contract for the provision of maintenance and support services of a e-leave system

## Overseas

### *PRC*

MTR Corporation (Shenzhen) Limited

Provision of 6-month onsite helpdesk support for 300 users

Guangzhou Administration for Industry and Commerce Bureau Panyu Substation

Implementation of desktop virtualisation solution with 3-year maintenance services

### *Macau*

A premier destination resort

Supply of all desktop equipments for the gaming tables of a casino in a new premier resort with maintenance services

University of Macau

Provision of storage, switches and related software to boost operational efficiency

<i>Thailand</i>	Bank for Agriculture And Agricultural Cooperatives	A multi-million dollar contract for the provision of 1,400 units of desktop computers and 650 units of printers
	Ocean Glass Public Company Limited	Provision of desktop computers and notebooks
<i>Taiwan</i>	An information & communications services company	Supply of enterprise server, storage hardware and backup software with 3-year maintenance services for the provision of secure e-service of a government department
	Fu Jen Catholic University	Provision of network infrastructure device to enhance network stability and servers for server virtualisation

With the worldwide economy set on a slow yet progressive path to recovery, the Group continued to perform steadily during the year under review. The Group was continually awarded with sizable contracts in the IT infrastructure, solution and services business in FY10.

The Group continued its expansion in the Greater China region during FY10. Followed by the opening of Shenzhen office in December 2009, we expanded our sales team in January 2010 to capture IT demand of the financial services and insurance (“FSI”) sector in the Greater China region. The expansion was further fueled by the Group’s stated strategy to promote cross-territories business, which the Group was able to secure sizable contracts and widen customer portfolios in the PRC market in the year under review. The expanded portfolios included new PRC customers from various sectors and Hong Kong-based and overseas corporations with investment in the mainland, such as MTR Corporation (Shenzhen) Limited, Sainsbury’s Asia Shanghai Limited, 華娛廣告(深圳)有限公司, etc.

More synergies created between our ultimate holding company, Beijing Teamsun Technology Co., Ltd (“Teamsun”) and the Group during the year under review. In December 2009, Teamsun and the Group together provided IT infrastructure including servers, software, storage and networking devices to a leading Hong-Kong based corporation for a core business application. In March 2010, Teamsun and the Group were awarded with a networking project from one of the largest independent banks in Hong Kong, which also awarded a million-plus dollars deal to the two companies together earlier in October 2009.

#### **Completion of Share Purchase Agreement, GAC Special Deal Agreements, General Offer and Option Offer**

Reference is made to the Joint Announcements and the Circular, joint announcements dated 29th September 2009 and 20th October 2009 and circular dated 29th September 2009 made by the Company and Teamsun Technology (HK) Limited (“Hong Kong Teamsun”) and the Company’s announcement dated 17th July 2009. Hong Kong Teamsun is a wholly-owned subsidiary of Teamsun. Capitalised terms used in the section shall have the same meanings as those in the above announcements and circulars unless otherwise defined.

Teamsun, our existing ultimate holding company, acquired 203,532,996 shares of the Company pursuant to the Share Purchase Agreement with the group of Computer Sciences Corporation (“CSC”), our then ultimate holding company and the General Offer. The Share Purchase Agreement was completed in September 2009, and the General Offer and Option Offer were closed in October 2009.

The Group also entered into the GAC Special Deal Agreements with the group of CSC. The Global Account Transfer Agreement forming part of GAC Special Deal Agreements was completed in August 2009.

#### **Outlook and Prospects**

The Group will continue its stated strategy to promote cross-territories business with an aim to make Greater China our focal point of development. Under the Territorial Termination Agreement and the Business Referral Termination Agreement, the Group is now free to expand in the Asia region and we will proactively seek out any



opportunities for regional growth supported by our solid foundations.

In response to the rising IT demands resulted from the accelerated economic and financial cooperation between Hong Kong and Mainland, the Group has opened customer service centers in Shanghai, Beijing, Hangzhou, and Shenyang in early 2010. Together with our offices in Shenzhen and Guangzhou, the Group will be able to provide quality services with expanded coverage in PRC.

As well as our interests elsewhere in the nation, we also maintain a keen focus on business prospects in the Pearl River Delta and surrounding region which is expected to be boosted by favourable policies under the newly signed Framework Agreement on Hong Kong/ Guangdong Co-operation, which is described as a key to the mainland door. According to agreement, it will enhance Hong Kong's position as an international financial centre and expedite Guangdong's financial services development to build an international financial hub with Hong Kong taking the lead, supported by resources and services in the Pearl River Delta cities. These policies also encourage financial institutions to expand their presence in both areas through the renminbi cross-border trade settlement pilot scheme. A number of banks and eligible financial institutions supporting renminbi cross-border trade will expand and cover more geographies and industries in the two places. In view of this, the Group's expanded FSI sales team will actively explore the mounting opportunities in the Pearl River Delta region.

The Group will also closely monitor the broader ties between Taiwan and Mainland. We plan to expand our operations in Taipei to seek new opportunities expected arising from the signed cross-strait financial supervisory cooperation MOU (memorandum of understanding) (兩岸金融監理合作瞭解備忘錄) and proposed Economic Cooperation Framework Agreement in order to meet the rising IT demand from Taiwan corporations entering into China and vice versa.

Looking ahead, we aim at creating more synergies with Teamsun and riding on its vast support network, business coverage, technical expertise and well-developed vendor network to fuel our growth in the Greater China region. Meanwhile, we will maintain effective cost structure and tighten our IT vendor relationship for services level enhancement. We are confident that we will be one of the leading IT service providers in the Greater China region.

### **Financial Resources and Liquidity**

As at 31st March 2010, the Group's total assets of HK\$830.9 million were financed by current liabilities of HK\$414.3 million, non-current liabilities of HK\$11.1 million and shareholders' equity of HK\$405.5 million. The Group had a working capital ratio of approximately 1.63:1.

As at 31st March 2010, the Group had an aggregate composite banking facilities from banks of approximately HK\$29.5 million (31st March 2009: HK\$130.1 million which was guaranteed by the group of CSC) of which HK\$29.5 million was utilised (31st March 2009: HK\$25.5 million). The Group's gearing ratio was zero (31st March 2009: zero) as at 31st March 2010.

### **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 these will be fixed by reference to the respective countries' Interbank Offer Rate. The bank deposits are mainly in Hong Kong dollars and United States dollars ("US dollars").

### **Foreign Exchange Exposure**

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the year ended 31st March 2010.

### **Contingent Liabilities**

As at 31st March 2010, bank deposits held as security for banking facilities amounted to approximately HK\$29.5 million. As at 31st March 2009, corporate guarantee by CSC group as security for banking facilities amounted to approximately HK\$130.1 million. The performance bond issued by the Group to customers as security of contract was approximately HK\$29.5 million as at 31st March 2010 (31st March 2009: HK\$25.5 million). Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$51.5 million as at

31st March 2010 (31st March 2009: HK\$51.8 million). The amount utilised against goods supplied as at 31st March 2010 which was secured by the corporate guarantee amounted to approximately HK\$0.7 million (31st March 2009: HK\$2.3 million).

### **Capital Commitment**

As at 31 March 2010, the contracted capital commitments of the Group were HK\$1.4 million (31st March 2009: HK\$0.3 million).

### **Major Customers and Suppliers**

During the year, the five largest customers and single largest customer of the Group accounted for approximately 20.1% and 4.5%, respectively, of the Group's revenue. The five largest suppliers and single largest supplier of the Group accounted for approximately 37.6% and 11.4 %, respectively, of the Group's purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

### **Employee and Remuneration Policies**

As at 31st March 2010, the Group, excluding its associates, employed 1,553 permanent and contract staff in Hong Kong, Macau, Taiwan, mainland China 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.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 13th July 2010 to 16th July 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 12th July 2010.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31st March 2010, 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 annual 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31st March 2010, 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 year ended 31st March 2010 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, 26th April 2010

*As at the date hereof, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Lau Ming Chi, Edward and Mr. Leung Tat Kwong, Simon 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, Ms. Xu Peng being independent non-executive directors.*