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# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2010

### RESULTS

The Board of Directors (the “Directors”) of Automated Systems Holdings Limited (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2010. The condensed consolidated interim financial information has been reviewed by the Company’s Audit Committee.

### Condensed Consolidated Income Statement

		Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	Note	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
<b>Continuing operations</b>					
<b>REVENUE</b>	3	<b>301,856</b>	330,629	<b>633,299</b>	617,740
Cost of goods sold		(157,343)	(178,845)	(335,403)	(335,023)
Cost of services rendered		(103,263)	(117,325)	(217,197)	(213,800)
Other income	4	1,620	1,396	3,269	2,595
Selling expenses		(17,764)	(16,564)	(35,035)	(32,928)
Administrative expenses		(13,866)	(14,310)	(27,388)	(26,042)
Finance income	5	198	145	395	145
Share of results of associates		56	257	336	416
<b>PROFIT BEFORE INCOME TAX</b>		<b>11,494</b>	5,383	<b>22,276</b>	13,103
Income tax expense	7	(2,389)	(2,048)	(4,453)	(3,399)
<b>Profit from continuing operations</b>		<b>9,105</b>	3,335	<b>17,823</b>	9,704
<b>Discontinued operations</b>					
Profit from discontinued operations	8	-	71,001	-	72,598
<b>Profit for the period attributable to equity holders of the Company</b>		<b>9,105</b>	74,336	<b>17,823</b>	82,302
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>DIVIDENDS</b>					
Special dividend	9	-	286,491	-	286,491
Interim dividend		12,456	-	12,456	-

## Condensed Consolidated Income Statement (Cont'd)

	Note	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
		2010 HK cents	2009 HK cents	2010 HK cents	2009 HK cents
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company	10				
<b>Basic earnings per share</b>					
From continuing operations		2.92	1.08	5.72	3.20
From discontinued operations		-	22.96	-	23.91
		<u>2.92</u>	<u>24.04</u>	<u>5.72</u>	<u>27.11</u>
<b>Diluted earnings per share</b>					
From continuing operations		2.92	1.08	5.72	3.19
From discontinued operations		-	22.94	-	23.82
		<u>2.92</u>	<u>24.02</u>	<u>5.72</u>	<u>27.01</u>

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
<b>Profit for the period</b>	9,105	74,336	17,823	82,302
<b>Other comprehensive income:</b>				
Exchange differences on translation of overseas operations	1,256	288	1,263	(366)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<u>10,361</u>	<u>74,624</u>	<u>19,086</u>	<u>81,936</u>

## Condensed Consolidated Balance Sheet

	<i>Note</i>	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	128,520	130,827
Investment properties	12	18,900	18,900
Intangible assets		700	700
Interests in associates		1,976	3,095
Trade receivables	13	724	627
Finance lease receivables		<u>3,555</u>	<u>-</u>
		<u>154,375</u>	<u>154,149</u>
<b>CURRENT ASSETS</b>			
Inventories		71,396	101,820
Trade receivables	13	143,206	147,924
Finance lease receivables		1,470	-
Other receivables, deposits and prepayments	14	34,701	27,019
Amounts due from customers for contract work		127,227	90,423
Restricted bank deposits		2,664	29,538
Cash and cash equivalents		<u>205,929</u>	<u>279,988</u>
		<u>586,593</u>	<u>676,712</u>
<b>TOTAL ASSETS</b>		<u><b>740,968</b></u>	<u><b>830,861</b></u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital		31,140	31,140
Share premium		104,947	104,947
Reserves		<u>288,472</u>	<u>269,386</u>
<b>TOTAL EQUITY</b>		<u><b>424,559</b></u>	<u><b>405,473</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income tax liabilities		11,218	11,056
Deferred income		<u>22</u>	<u>24</u>
		<u>11,240</u>	<u>11,080</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	155,686	189,850
Other payables and accruals	16	39,678	52,287
Receipts in advance		100,441	166,855
Current income tax liabilities		<u>9,364</u>	<u>5,316</u>
		<u>305,169</u>	<u>414,308</u>
<b>TOTAL LIABILITIES</b>		<u><b>316,409</b></u>	<u><b>425,388</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>740,968</b></u>	<u><b>830,861</b></u>
<b>NET CURRENT ASSETS</b>		<u><b>281,424</b></u>	<u><b>262,404</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>435,799</b></u>	<u><b>416,553</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30th September 2010 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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31st March 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2. Principal Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2010, as described in the annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following standards, amendments and interpretations are mandatory for the first time for the financial period beginning 1st April 2010, but are not currently relevant for the Group or may not have any financial impact on the interim financial information:

- HKFRS 3 (revised), ‘Business combinations’, and consequential amendments to HKAS 27, ‘Consolidated and separate financial statements’, HKAS 28, ‘Investments in associates’, and HKAS 31, ‘Interests in joint ventures’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. This is not currently applicable to the Group, as it has no business combinations consummated during the period ended 30th September 2010.
- HK(IFRIC)-Int 17, ‘Distributions of non-cash assets to owners’ is effective for annual periods beginning on or after 1st July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- ‘Additional exemptions for first-time adopters’ (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1st January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.
- HKAS 39 (Amendment), ‘Eligible hedged items’ is effective for annual period on or after 1st July 2009. This is not currently applicable to the Group, as it has no hedging.
- HKFRS 2 (Amendment), ‘Group cash-settled share-based payment transaction’ is effective for annual periods beginning on or after 1st January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.
- First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 “Non-current assets held for sale and discontinued operations” is effective for annual period on or after 1st July 2009.
- Second improvements Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.

### 3. Revenue and Segment Information

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30th September		30th September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	175,619	196,178	371,722	370,422
Revenue from service contracts	126,237	134,451	261,577	247,318
Revenue from continuing operations	<u>301,856</u>	<u>330,629</u>	<u>633,299</u>	<u>617,740</u>

The chief operating decision maker has been identified as the Board of Directors (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 currently 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 8).

The Group's revenue and results by operating segment for the periods under review is presented below.

**Unaudited**  
**Three months ended 30th September 2010**

	<u>Continuing Operations</u>			<u>Discontinued Operations</u>	<u>Total Group</u> <i>HK\$'000</i>
	<u>IT Products</u>	<u>IT Services</u>	<u>Total Continuing Operations</u>	<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue from external customers	175,619	126,237	301,856	-	301,856
Intersegment revenue	4,698	3,300	7,998	-	7,998
Segment revenue	180,317	129,537	309,854	-	309,854
Reportable segment profit	10,049	14,092	24,141	-	24,141
Segment depreciation and amortisation	269	1,646	1,915	-	1,915
Additions to property, plant and equipment	167	1,621	1,788	-	1,788

**Unaudited**  
**Six months ended 30th September 2010**

	<u>Continuing Operations</u>			<u>Discontinued Operations</u>	<u>Total Group</u> <i>HK\$'000</i>
	<u>IT Products</u>	<u>IT Services</u>	<u>Total Continuing Operations</u>	<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue from external customers	371,722	261,577	633,299	-	633,299
Intersegment revenue	6,267	7,953	14,220	-	14,220
Segment revenue	377,989	269,530	647,519	-	647,519
Reportable segment profit	20,679	26,992	47,671	-	47,671
Segment depreciation and amortisation	564	3,299	3,863	-	3,863
Additions to property, plant and equipment	457	2,602	3,059	-	3,059

**Unaudited**  
**Three months ended 30th September 2009**

	<u>Continuing Operations</u>			<u>Discontinued Operations</u>	<u>Total Group</u> <i>HK\$'000</i>
	<u>IT Products</u>	<u>IT Services</u>	<u>Total Continuing Operations</u>	<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue from external customers	196,178	134,451	330,629	10,542	341,171
Intersegment revenue	4,173	981	5,154	-	5,154
Segment revenue	200,351	135,432	335,783	10,542	346,325
Reportable segment profit	8,122	11,055	19,177	2,257	21,434
Segment depreciation and amortisation	179	2,559	2,738	2,716	5,454
Additions to property, plant and equipment	144	1,536	1,680	2,157	3,837

Unaudited  
Six months ended 30th September 2009

	<u>Continuing Operations</u>			<u>Discontinued</u>	<u>Total</u> <u>Group</u> <u>HK\$'000</u>
	<u>IT Products</u>	<u>IT Services</u>	<u>Total</u> <u>Continuing</u> <u>Operations</u>	<u>Operations</u>	
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>GMS</u> <u>HK\$'000</u>	
Revenue from external customers	370,422	247,318	617,740	30,070	647,810
Intersegment revenue	6,312	5,735	12,047	-	12,047
Segment revenue	376,734	253,053	629,787	30,070	659,857
Reportable segment profit	15,126	23,009	38,135	4,170	42,305
Segment depreciation and amortisation	524	4,372	4,896	10,573	15,469
Additions to property, plant and equipment	359	2,421	2,780	3,268	6,048

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

<u>Unaudited</u> <u>As at 30th September 2010</u>	<u>IT Products</u> <u>HK\$'000</u>	<u>IT Services</u> <u>HK\$'000</u>	<u>Total</u> <u>Group</u> <u>HK\$'000</u>
Reportable segment assets	219,492	162,956	382,448
Reportable segment liabilities	163,882	100,843	264,725

Audited  
As at 31st March 2010

Reportable segment assets	230,641	141,387	372,028
Reportable segment liabilities	253,021	117,879	370,900

- (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, gain/loss on disposal of property, plant and equipment, unallocated depreciation and amortisation for property, plant and equipment and intangible assets that are used for all segments, and other corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

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

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

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

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

Revenue	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30th September		30th September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from continuing operations	309,854	335,783	647,519	629,787
Elimination of intersegment revenue	(7,998)	(5,154)	(14,220)	(12,047)
Revenue from continuing operations per condensed consolidated income statement	<u>301,856</u>	<u>330,629</u>	<u>633,299</u>	<u>617,740</u>

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

Profit or loss	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30th September		30th September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment profit from continuing operations	24,141	19,177	47,671	38,135
Unallocated amounts:				
Unallocated other income	1,163	259	1,661	594
Unallocated loss on disposal of property, plant and equipment	-	(2)	(4)	-
Unallocated depreciation	(1,815)	(2,119)	(3,546)	(4,017)
Unallocated amortisation	-	(3)	-	(3)
Share-based payment expense	-	(264)	-	(361)
Share of results of associates	56	257	336	416
Unallocated corporate expenses	(12,051)	(11,922)	(23,842)	(21,661)
Profit before income tax from continuing operations per condensed consolidated income statement	<u>11,494</u>	<u>5,383</u>	<u>22,276</u>	<u>13,103</u>

Assets	Unaudited		Audited
	30th September		31st March
	2010		2010
	HK\$'000		HK\$'000
Reportable segment assets	382,448		372,028
Unallocated assets:			
Interests in associates	1,976		3,095
Unallocated restricted bank deposits	2,664		29,538
Unallocated cash and cash equivalents	205,929		279,988
Unallocated corporate assets	147,951		146,212
Total assets per condensed consolidated balance sheet	<u>740,968</u>		<u>830,861</u>

<b>Liabilities</b>	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Reportable segment liabilities	264,725	370,900
Unallocated liabilities:		
Current income tax liabilities	9,364	5,316
Deferred income tax liabilities	11,218	11,056
Unallocated corporate liabilities	31,102	38,116
	<u>316,409</u>	<u>425,388</u>
Total liabilities per condensed consolidated balance sheet	<u><u>316,409</u></u>	<u><u>425,388</u></u>

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

<b>Place of domicile</b>	<b>Revenue from continuing operations from external customers Unaudited Three months ended 30th September</b>		<b>Revenue from continuing operations from external customers Unaudited Six months ended 30th September</b>	
	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>
Hong Kong	269,537	300,639	575,782	548,944
Guangzhou	8,771	4,370	11,479	12,039
Macau	12,608	10,846	24,460	31,540
Taiwan	5,835	7,788	13,236	11,388
Thailand	5,105	6,986	8,342	13,829
	<u>301,856</u>	<u>330,629</u>	<u>633,299</u>	<u>617,740</u>
	<u><u>301,856</u></u>	<u><u>330,629</u></u>	<u><u>633,299</u></u>	<u><u>617,740</u></u>

<b>Place of domicile</b>	<b>Non-current assets</b>	
	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Hong Kong	145,521	147,400
Guangzhou	1,122	1,144
Macau	6,356	4,216
Taiwan	475	484
Thailand	901	905
	<u>154,375</u>	<u>154,149</u>
	<u><u>154,375</u></u>	<u><u>154,149</u></u>

#### 4. Other Income

	<b>Unaudited Three months ended 30th September</b>		<b>Unaudited Six months ended 30th September</b>	
	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>
Interest on bank deposits	131	62	213	373
Equipment rental income	576	845	1,439	1,727
Rental income from investment properties	374	-	748	-
Others	539	489	869	495
	<u>1,620</u>	<u>1,396</u>	<u>3,269</u>	<u>2,595</u>
	<u><u>1,620</u></u>	<u><u>1,396</u></u>	<u><u>3,269</u></u>	<u><u>2,595</u></u>



## 5. Finance Income

Finance income represents interest income received from customers for extended credit terms.

## 6. Expenses by Nature

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit before income tax from continuing operations has been arrived after charging/(crediting)				
Depreciation and amortisation				
Property, plant and equipment	3,730	4,741	7,409	8,675
Intangible assets (included in cost of services rendered)	-	119	-	241
(Gain)/loss on disposal of property, plant and equipment	(60)	35	(120)	33
(Reversal of)/provision for impairment of trade receivables	(901)	(45)	(866)	192
Share-based payment expense	-	264	-	361
Staff costs	89,203	85,743	178,211	170,158

## 7. Income Tax Expense

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Current taxation:				
Hong Kong profits tax	2,272	2,051	4,258	3,353
Overseas taxation	232	16	257	90
(Over) / under provision in prior periods:				
Hong Kong profits tax	(137)	-	(137)	-
Overseas taxation	22	-	(87)	-
	2,389	2,067	4,291	3,443
Deferred taxation:				
Current period	-	(19)	162	(44)
Income tax expense	2,389	2,048	4,453	3,399

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th September 2009: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

## 8. 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 and the Company and the Company's circular dated 30th June 2009 and announcement dated 17th July 2009.

The results of the GMS business are presented in the condensed consolidated financial information as discontinued operations. Financial information relating to the GMS business for the period to the date of Disposal is set out below.

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	10,542	-	30,070
Expenses	-	(8,285)	-	(25,900)
Profit before income tax from discontinued operations	-	2,257	-	4,170
Income tax expense	-	(372)	-	(688)
Profit after income tax from discontinued operations	-	1,885	-	3,482
Pre-tax gain on disposal of the GMS business	-	69,116	-	69,116
Income tax expense	-	-	-	-
Post-tax gain on disposal of the GMS business	-	69,116	-	69,116
Profit from discontinued operations	-	71,001	-	72,598

#### 9. Dividends

Subsequent to the interim period end, the Directors have determined that an interim dividend of 4.0 HK cents (six months ended 30th September 2009: HK\$Nil) per share for the six months ended 30th September 2010 is to be paid to the shareholders of the Company whose names appear in the register of members on 25th November 2010.

During the period ended 30th September 2009, a special dividend of 92.0 HK cents per share was paid to shareholders.

#### 10. Earnings Per Share

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

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	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	<b>9,105</b>	74,336	<b>17,823</b>	82,302
	Number of shares		Number of shares	
	2010	2009	2010	2009
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>311,403</b>	309,229	<b>311,403</b>	303,571
Effect of dilutive potential ordinary shares – Share options (note a)	-	243	-	1,088
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>311,403</b>	309,472	<b>311,403</b>	304,659

Note a

There is no dilutive instrument for the six-month period ended 30th September 2010.

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30th September		30th September	
	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	<u>9,105</u>	<u>3,335</u>	<u>17,823</u>	<u>9,704</u>

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30th September		30th September	
	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	<u>-</u>	<u>71,001</u>	<u>-</u>	<u>72,598</u>

**11. Property, Plant and Equipment**

During the period, the Group spent approximately HK\$5,087,000 (six months ended 30th September 2009: HK\$8,222,000) mainly on additions to computer and office equipment.

During the period, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$54,000 (six months ended 30th September 2009: HK\$442,000), resulting in a gain on disposal of HK\$120,000 (six months ended 30th September 2009: loss on disposal of HK\$33,000). In relation to the disposal of GMS business for the period ended 30 September 2009, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$37,926,000 (note 8).

The Group's leasehold land and buildings were stated at valuations made at 31st March 2010 less depreciation. At 30th September 2010, 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 value.

**12. Investment Properties**

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

At 30th September 2010, the Directors of the Company considered that the carrying amount of the Group's investment properties did not differ significantly from their fair value.

**13. Trade Receivables**

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

	Unaudited 30th September 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Trade receivables	145,789	151,402
Less: provision for impairment of receivables	<u>(1,859)</u>	<u>(2,851)</u>
Trade receivables – net	143,930	148,551
Less: non-current portion of trade receivables	<u>(724)</u>	<u>(627)</u>
	<u>143,206</u>	<u>147,924</u>

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

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

	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Current	94,853	119,171
Within 30 days	19,975	9,583
31 - 60 days	5,819	11,488
61 - 90 days	8,459	3,730
Over 90 days	16,683	7,430
	<u>145,789</u>	<u>151,402</u>

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

	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Other receivables	12,926	2,930
Deposits	4,942	6,091
Prepayments	16,833	17,998
	<u>34,701</u>	<u>27,019</u>

#### 15. Trade Payables

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

	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Current	82,414	129,757
Within 30 days	33,953	34,454
31 - 60 days	12,184	12,205
61 - 90 days	9,894	4,289
Over 90 days	17,241	9,145
	<u>155,686</u>	<u>189,850</u>

#### 16. Other Payables and Accruals

	<b>Unaudited 30th September 2010 HK\$'000</b>	<b>Audited 31st March 2010 HK\$'000</b>
Other payables and accruals	38,259	50,993
Deferred income	363	631
Amount due to the ultimate holding company	-	597
Amount due to an associate	1,056	66
	<u>39,678</u>	<u>52,287</u>

## 17. Pledge of Assets

At 30th September 2010, the Group's leasehold land and buildings of approximately HK\$97,770,000 (31st March 2010: HK\$Nil) and investment properties of approximately HK\$18,900,000 (31st March 2010: HK\$Nil) were pledged to secure the banking facilities of the Group.

At 30th September 2010, the Group's restricted bank balances of approximately HK\$2,664,000 (31st March 2010: HK\$29,538,000) were pledged to secure the banking facilities of the Group.

## 18. Change of financial year end date

On 15th July 2010, the Directors announced that the financial year end date of the Company has been changed from 31st March to 31st December.

## DIVIDEND

Subsequent to the interim period end, the Directors have determined that an interim dividend of 4.0 HK cents (six months ended 30th September 2009: HK\$Nil) per share for the six months ended 30th September 2010 is to be paid to the shareholders of the Company whose names appear in the register of members on 25th November 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the six months ended 30th September 2010, the Group's revenue from the continuing operations was HK\$633.3 million, higher by HK\$15.6 million or 2.5% compared to the corresponding period in 2009. The revenue of the Group from the continuing operations for the three months ended 30th September 2010 was HK\$301.9 million, lower by HK\$28.7 million or 8.7% compared to the same period last year.

During the six months period ended 30th September 2010, the product sales and service revenue of the Group's continuing operations amounted to HK\$371.7 million and HK\$261.6 million, increased by 0.4% and by 5.8% respectively compared to the same period last year. Product sales and service revenue contributed 58.7% and 41.3% to total revenue of the continuing operations respectively. For the three months ended 30th September 2010, the product sales and service revenue of the Group's continuing operations amounted to HK\$175.6 million and HK\$126.2 million respectively as compared to HK\$196.2 million and HK\$134.5 million from the corresponding period in 2009. The increase in turnkey solution project and a decrease of simple infrastructure project was particularly reflected during the three months period ended 30th September 2010.

Commercial and public sector sales from the continuing operations for the six months ended 30th September 2010 contributed 49.6% and 50.4% to revenue of the continuing operations respectively as compared to 46.8% and 53.2% from the corresponding period in 2009. Commercial and public sector sales from the continuing operations for the three months ended 30th September 2010 contributed 46.7% and 53.3% to revenue of the continuing operations respectively as compared to 46.0% and 54.0% from the same period last year. The decrease of revenue from education business under the public sector was the main attributor to the decrease in revenue.

During the six months period ended 30th September 2010, profit after income tax from the continuing operations was HK\$17.8 million, increased by 83.7% compared with the corresponding period last year. For the three months ended 30th September 2010, profit after income tax from the continuing operations was HK\$9.1 million, higher by HK\$5.8 million compared to the same period in 2009. With efficient cost structure, the Group continues to maintain growth in profitability.

As of 30th September 2010, the order book balance was approximately HK\$585.0 million. The cash of the Group stood at approximately HK\$205.9 million with a working capital ratio of 1.92:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

### Business Review

Major contracts and tenders secured in the period under review.

#### Hong Kong Customers

Infrastructure Business	A publicly-funded tertiary education	Supply, installation and implementation of a virtualised infrastructure
	A government department	Supply of a computer system for Enterprise System Management and provision of related services

Solution Business	A government department	System implementation and system integration of the serviceability management system for better public service and system management
	Sun Hung Kai Securities Limited	Provision of software for application performance management
Services Business	A renowned university	A 3-year multi-million dollar contract for the provision of hardware consolidated maintenance services of servers, systems, network equipments and related peripherals
	A subsidiary of an international lifestyle brand	Provision of 3-year managed helpdesk support services
<i><u>Overseas Customers</u></i>		
PRC	An IT services provider	Provision of storage hardware for pork safety management with 7x24 maintenance services
Macau	A renowned local bank	Provision of IT security assessment service
Thailand	Ocean Glass Public Company Limited	Replacement of PCs
Taiwan	Chartis Taiwan Insurance Co., Ltd.	Upgrade of IT Infrastructure

The Group continued to achieve steady growth in Service Business. In particular, we have secured a number of sizable services deals in the area of managed and maintenance services which contributed to the recurrent revenue of the Group. We continued to receive major service contracts from our long time customers. These customers included a Hong Kong-based airline and two statutory bodies which we have serviced for over a decade.

Satisfactory performance was also recorded in Solution and Infrastructure Business with numerous large-scale turnkey solutions and systems integration projects in progress at the moment. In Infrastructure Business, we are deploying a multi-million dollar firewall system upgrade project for a government authority secured in June 2010. Of note was a project we received from a government department in August 2009 to provide certain professional services, hardware and software for the development of a public-service system. Upon the completion of a milestone of that project, we received another multi-million order from the same project for the implementation of its subsequent phases in July 2010. Such continuation demonstrated the level of satisfaction our customers enjoyed and the level of trust in our abilities placed by our customer.

We have achieved a high level of service excellence outside Hong Kong as well. Our subsidiary in Thailand received a multi-million order in October 2010 from a manufacturer of a renowned energy drink in the world for a disaster recovery site project. Furthermore, we received a 3-year million-plus order from the Thailand branch of an international bank to provide disaster recovery site support services. Our relationship with the energy drink manufacturer and the Thailand branch of the international bank began around late 2007 and 2003 respectively and as time progressed, so as the complexity, volume and spectrum of our services offered to them. The above exemplified the success of our subsidiary in Thailand as it has stepped into its 10th anniversary in 2010.

We continued to execute our stated strategy on developing cross-territories business via following the footsteps of our customers. During the period under review, we successfully supported our customers' expansion across the strait and into China. Of note we received two IT infrastructure projects from a Hong Kong listed property developer for setting up its Taiwan operation and Chengdu office in July and September 2010 respectively. Together with its Xiamen, Chongqing and Fuzhou offices, we are currently supporting their operations in various major cities in China. Across the strait, the Group received an order from one of the largest baby goods manufacturers in the world to provide enterprise servers with 3-year 7x24 onsite support services for its Taipei and Dongguan operations.

In addition, our subsidiary in PRC continued to expand by winning its first order from China Southern Airlines Company Limited to jointly work together to upgrade the customer's existing Technical Document Management System as well as building a new system architecture and platform. This project demonstrated our growing presence in the transportation sector within the Greater China region.

Our efforts to explore regional business opportunities subsequent to the termination of territorial agreement continued to yield encouraging results. We successfully extended our services to Bangladesh by setting up comprehensive IT infrastructure for a new office of a UK supermarket in the period under review.

**Continuing Connected Transactions with Beijing Teamsun Technology Co. Ltd. (“Teamsun”), our ultimate holding company**

On 6th October 2010, the Company and Teamsun have entered into the Supply Agreement in relation to: (i) provision of Referral Services; (ii) sale and purchase of Products between the Group and Teamsun Group; and (iii) provision or sharing of ASH Services and Teamsun Services. On the same date, the Company and Teamsun have entered into the Distributor Agreement, pursuant to which Teamsun has appointed the Group as a distributor in respect of the IT Products by Teamsun Group outside the PRC.

The Group expects the Supply Agreement and the Distributor Agreement will allow the sharing of customer base and business knowhow between two groups thereby enhancing the efficiency and sales capabilities of the Group's existing distribution channels and networks. The cooperation between two groups also allows the realisation of substantial synergies with Teamsun.

For details, please refer to the Company's announcement and circular dated 6th October and 8th October 2010 (collectively the “Documents”) respectively. Capitalised terms used in the section shall have the same meanings as those in the Documents unless otherwise defined.

**Outlook and Prospects**

As the economy begins to recover, the Group sees abundant opportunities from increasing IT demands in the financial services and insurance (“FSI”) sector in the region, arising from anticipated needs for data center, security services and IT infrastructure in particular. The Group has already taken the initiatives to seize these opportunities. In October 2010, the Group has secured an approximately HK\$10 million infrastructure deal from an international bank for its business expansion. With the exclusive distributorship of “YESKEY”, a security related IT product of Teamsun group pursuant to the Distributor Agreement, the Group intends to capture the growing demands in the field of IT security products and solutions.

Looking ahead, we will continue our stated strategy while continue to leverage with Teamsun for greater synergies to promote our cross-territories business. We will also actively seize regional opportunities to achieve inorganic growth in our quest of becoming one of the leading IT services providers in the region.

**Financial Resources and Liquidity**

As at 30th September 2010, the Group's total assets of HK\$741.0 million were financed by current liabilities of HK\$305.2 million, non-current liabilities of HK\$11.2 million and shareholders' equity of HK\$424.6 million. The Group had a working capital ratio of approximately 1.92:1.

As at 30th September 2010, the Group had an aggregate composite banking facilities from banks of approximately HK\$114.2 million (31st March 2010: HK\$29.5 million). The Group had pledged land and buildings and investment properties in an aggregate amount of HK\$116.7 million (31st March 2010: HK\$Nil) and restricted bank deposits of HK\$2.7 million (31st March 2010: HK\$29.5 million) for banking facilities granted to the Group. The performance bond issued by the Group to customers as security of contract was approximately HK\$26.8 million as at 30th September 2010 (31st March 2010: HK\$29.5 million). The Group's gearing ratio was zero as at 30th September 2010 (31st March 2010: zero).

**Treasury Policies**

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

### **Foreign Exchange Exposure**

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the six-month period ended 30th September 2010.

### **Contingent Liabilities**

As at 30th September 2010, bank deposits held as security for banking facilities amounted to approximately HK\$2.7 million (31st March 2010: HK\$29.5 million). The performance bond issued by the Group to customers as security of contract was approximately HK\$26.8 million as at 30th September 2010 (31st March 2010: HK\$29.5 million). Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$51.5 million as at 30th September 2010 (31st March 2010: HK\$51.5 million). The amount utilised against goods supplied as at 30th September 2010 which was secured by the corporate guarantee amounted to approximately HK\$4.1 million (31st March 2010: HK\$0.7 million).

### **Capital Commitment**

As at 30th September 2010, the contracted capital commitments of the Group were HK\$0.4 million (31st March 2010: HK\$1.4 million).

### **Employee and Remuneration Policies**

As at 30th September 2010, the Group, excluding its associates, employed 1,589 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 26th November 2010 to 30th November 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, 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 25th November 2010. The dividend warrants will be despatched on or before 14th December 2010.

### **CHANGE OF FINANCIAL YEAR END DATE**

Reference is made to the Company's announcement dated 15th July 2010. The Directors announced that the financial year end date of the Company has been changed from 31st March to 31st December. Accordingly, the Company will announce and publish its results announcements for the period of nine months ending 31st December 2010 on or before 31st March 2011.

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

During the six-month ended 30th September 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 interim results.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30th September 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 six months ended 30th September 2010 except as noted below:

- (a) with respect to Code A.4.1, all non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws; and
- (b) with respect to Code E.1.2, Mr. Hu Liankui, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 16th July 2010 due to other business commitments.

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

Hong Kong, 26th October 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 and Ms. Xu Peng being independent non-executive directors.*