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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2011

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board of Directors of Automated Systems Holdings Limited are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the three months ended 31st March 2011 which is the Company's first quarterly results for the three months ended 31st March 2011 after the change of financial year end date of the Company from 31st March to 31st December.

RESULTS

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board of Directors (the "Board") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group" or "ASL") for the three months ended 31st March 2011 which is the Company's first quarterly results for the three months ended 31st March 2011 after the change of financial year end date of the Company from 31st March to 31st December. The condensed consolidated quarterly financial information has been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement

		Unaudited	
		Three months ended	
		31st March	
		2011	2010
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	422,535	398,001
Cost of goods sold		(253,605)	(244,512)
Cost of services rendered		(119,733)	(101,298)
Other income	3	870	2,744
Fair value gain on revaluation of investment properties		-	3,590
Selling expenses		(18,190)	(17,030)
Administrative expenses		(15,615)	(13,901)
Finance income	4	133	194
Share of results of associates		263	965
Profit before income tax		16,658	28,753
Income tax expense	6	(3,385)	(5,365)
Profit for the period attributable to equity holders of the Company		13,273	23,388

Condensed Consolidated Income Statement (Cont'd)

		Unaudited	
		Three months ended	
		31st March	
		2011	2010
	<i>Note</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company	7		
Basic / Diluted		<u>4.26</u>	<u>6.81</u>

Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Three months ended	
	31st March	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	13,273	23,388
Other comprehensive income/(loss):		
Revaluation surplus of leasehold land and buildings	-	19,418
Deferred taxation arising from revaluation surplus of leasehold land and buildings	-	(3,204)
Exchange differences on translation of overseas operations	<u>64</u>	<u>781</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>13,337</u>	<u>40,383</u>

Condensed Consolidated Balance Sheet

	<i>Note</i>	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	161,569	162,907
Investment properties	9	24,700	24,700
Intangible assets		13,326	900
Goodwill	10	38,408	-
Interests in associates		2,127	1,865
Trade receivables	11	4,645	1,869
Finance lease receivables		3,180	3,210
		<u>247,955</u>	<u>195,451</u>
CURRENT ASSETS			
Inventories		87,848	76,972
Trade receivables	11	141,323	163,722
Finance lease receivables		1,262	1,914
Other receivables, deposits and prepayments	12	32,813	23,605
Amounts due from customers for contract work		123,465	161,659
Restricted bank deposits	13	2,210	1,924
Cash and cash equivalents	13	316,592	195,552
		<u>705,513</u>	<u>625,348</u>
TOTAL ASSETS		<u>953,468</u>	<u>820,799</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		31,140	31,140
Share premium		104,947	104,947
Reserves		334,491	321,154
TOTAL EQUITY		<u>470,578</u>	<u>457,241</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		20,561	17,996
Deferred income		-	73
		<u>20,561</u>	<u>18,069</u>
CURRENT LIABILITIES			
Trade payables	14	228,678	193,000
Other payables and accruals	15	71,710	48,190
Receipts in advance		152,113	91,979
Current income tax liabilities		9,828	12,320
		<u>462,329</u>	<u>345,489</u>
TOTAL LIABILITIES		<u>482,890</u>	<u>363,558</u>
TOTAL EQUITY AND LIABILITIES		<u>953,468</u>	<u>820,799</u>
NET CURRENT ASSETS		<u>243,184</u>	<u>279,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>491,139</u>	<u>475,310</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

This is the Company's first quarterly results for the three months ended 31st March 2011 after the change of financial year end date of the Company from 31st March to 31st December. The accounting policies and basis of preparation used in the preparation of these financial statements are consistent with those used in the annual financial statements for the nine months ended 31st December 2010.

2. Revenue

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

	Unaudited	
	Three months ended	
	31st March	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	283,461	270,223
Revenue from service contracts	139,074	127,778
	<u>422,535</u>	<u>398,001</u>

3. Other Income

	Unaudited	
	Three months ended	
	31st March	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank deposits	109	36
Equipment rental income	-	864
Rental income from investment properties	374	374
Exchange gain	-	1,361
Others	387	109
	<u>870</u>	<u>2,744</u>

4. Finance Income

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

5. Expenses by Nature

	Unaudited	
	Three months ended	
	31st March	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax has been arrived after charging/(crediting):		
Depreciation		
Property, plant and equipment	4,103	4,365
Loss/(Gain) on disposal of property, plant and equipment	65	(76)
Provision for impairment of trade receivables	183	730
Staff costs	<u>93,427</u>	<u>87,127</u>

6. Income Tax Expense

	Unaudited Three months ended 31st March	
	2011 HK\$'000	2010 HK\$'000
The charge/(credit) comprises:		
Current taxation:		
Hong Kong profits tax	2,536	5,064
Overseas taxation	274	344
Under provision in prior period:		
Hong Kong profits tax	38	212
Overseas taxation	23	-
	<u>2,871</u>	<u>5,620</u>
Deferred taxation:		
Current period	<u>514</u>	<u>(255)</u>
Income tax expense	<u><u>3,385</u></u>	<u><u>5,365</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 31st March 2010: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. 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 31st March	
	2011 HK\$'000	2010 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>13,273</u>	<u>23,388</u>
	Number of shares	
	2011	2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>311,403</u>	<u>343,684</u>

8. Property, Plant and Equipment

During the three months ended 31st March 2011, the addition of property, plant and equipment is approximately HK\$2,868,000 (three months ended 31st March 2010: HK\$3,937,000) mainly on acquiring computers and office equipment.

During the three months ended 31st March 2011, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$1,983,000 (three months ended 31st March 2010: HK\$2,095,000), resulting in a loss on disposal of HK\$65,000 (three months ended 31st March 2010: gain on disposal of HK\$76,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2010 less depreciation. At 31st March 2011, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings does not differ significantly from their fair values.

If the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated financial statements at historical cost, less accumulated depreciation of approximately HK\$54,046,000 (31st December 2010: HK\$54,562,000).

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

As at 31st March 2011, the Group has pledged leasehold land and buildings having a carrying amount of approximately HK\$128,414,000 (31st December 2010: HK\$129,300,000) for banking facilities granted to the Group.

9. Investment Properties

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

At 31st March 2011, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revaluated amounts do not differ significantly from that would be determined using fair values at the balance sheet date.

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

10. Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred over the net fair value of the acquiree's identifiable assets and liabilities measured at acquisition date for the acquisition taken place on 28th March 2011.

11. 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 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Trade receivables	146,463	165,903
Less: provision for impairment of receivables	<u>(495)</u>	<u>(312)</u>
Trade receivables – net	145,968	165,591
Less: non-current portion of trade receivables	<u>(4,645)</u>	<u>(1,869)</u>
	<u>141,323</u>	<u>163,722</u>

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

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

	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Current	109,507	126,695
Within 30 days	16,002	15,992
31 - 60 days	9,337	4,234
61 - 90 days	4,894	6,454
Over 90 days	<u>6,723</u>	<u>12,528</u>
	<u>146,463</u>	<u>165,903</u>

12. Other Receivables, Deposits and Prepayments

	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Other receivables	10,510	1,340
Deposits	5,722	6,284
Prepayments	15,944	15,469
Amount due from the ultimate holding company	<u>637</u>	<u>512</u>
	<u>32,813</u>	<u>23,605</u>

13. Restricted Bank Deposits and Cash and Cash Equivalents

	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Restricted bank deposits	<u>2,210</u>	<u>1,924</u>
Cash at bank and on hand	244,990	132,309
Short-term bank deposits	<u>71,602</u>	<u>63,243</u>
Cash and cash equivalents	<u>316,592</u>	<u>195,552</u>

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

14. Trade Payables

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

	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Current	157,968	126,898
Within 30 days	48,085	39,055
31 - 60 days	6,816	14,948
61 - 90 days	9,752	1,634
Over 90 days	<u>6,057</u>	<u>10,465</u>
	<u>228,678</u>	<u>193,000</u>

15. Other Payables and Accruals

	Unaudited 31st March 2011 HK\$'000	Audited 31st December 2010 HK\$'000
Other payables	31,622	6,309
Accruals	39,574	39,934
Amount due to an associate	514	1,455
Amounts due to fellow subsidiaries	<u>-</u>	<u>492</u>
	<u>71,710</u>	<u>48,190</u>

Other payables of HK\$17,000,000 arisen from acquisition is due after 1 year from the balance sheet date.

16. Pledge of Assets

At 31st March 2011, the Group's leasehold land and buildings of approximately HK\$128,414,000 (31st December 2010: HK\$129,300,000) and investment properties of approximately HK\$24,700,000 (31st December 2010: HK\$24,700,000) were pledged to secure the banking facilities of the Group.

At 31st March 2011, the Group's restricted bank balances of HK\$2,210,000 (31st December 2010: HK\$1,924,000) were pledged to secure the banking facilities of the Group.

17. Acquisition

Reference is made to the announcements dated 28th March 2011 and 31st March 2011 (collectively the “Announcements”) issued by the Company. Capitalised terms used herein below shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

On 28th March 2011, ASL Security Solutions Limited (the “Purchaser”), a wholly owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, and to procure the other Target Shareholders to sell, the Sale Shares. The Acquisition is subject to the satisfaction of the “Conditions precedent” set out in the Announcements.

The Consideration payable by the Purchaser to the Vendor for the Sale Shares is S\$7,900,000 (equivalent to approximately HK\$47,400,000) (subject to adjustment), which will be paid in cash in five instalments to the Vendor.

The Board is pleased to announce that the Acquisition was completed on 28th March 2011.

Details of the above are set in the Announcements.

DIVIDEND

The Directors did not recommend the payment of a dividend for the three months ended 31st March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the three months ended 31st March 2011, the revenue of the Group was HK\$422.5 million, higher by 6.2% compared to the same period last year.

For the three months ended 31st March 2011, the product sales and service revenue was HK\$283.4 million and HK\$139.1 million, increasing by 4.9% and 8.8% respectively compared with the corresponding period last year. Product sales and service revenue contributed 67.1% and 32.9% to total revenue respectively.

For the three months ended 31st March 2011, commercial and public sector sales contributed 34.3% and 65.7% to revenue respectively compared to 42.5% and 57.5% from the corresponding period in 2010.

Profit before income tax was HK\$16.7 million for the three months ended 31st March 2011, lower by 42.0% compared to the corresponding period last year. The primary reason for the decrease is that the Group assumed additional staff cost in order to complete delayed projects, and the Group has invested in staff resources to develop new solutions offerings to cater to market needs. Furthermore, pre-tax income fell due to spending on acquisition costs.

As of 31st March 2011, the order book balance was approximately HK\$582.7 million, an increase of HK\$7.4 million compared to the corresponding period last year. The Group’s net cash stood at approximately HK\$316.6 million with a working capital ratio of 1.53:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

Business Review

Solid performance was recorded for the three months ended 31st March 2011. The Group successfully won diverse and sizable projects providing a range of IT solutions, services and IT infrastructure to its customers. More importantly, the Group took a big step forward in expanding its business in the Asia Pacific region through the acquisition of i-Sprint Innovations Pte Ltd. (“i-Sprint”). New orders amounted to HK\$461.1 million approximately the same as the corresponding period last year.

Accelerate Expansion to the Asia Pacific Region

The Group has successfully acquired the entire equity interest of i-Sprint. i-Sprint is a Singapore company which provides world-class credential and access management solutions. The acquisition allows the Group to expand its existing operations in Hong Kong, mainland China, Taiwan, Macau and Thailand to further countries worldwide, particularly in the Asia Pacific region, including Singapore, Malaysia, Vietnam, Indonesia, Japan, amongst others. This acquisition also strengthens the Group’s leading position in the IT security market as a strong provider of credential and access management solutions to principally cater to the high security demands of the financial services industry (“FSI”) and multi-national corporations. The acquisition immediately brought over 30 additional customers to the Group, amongst which many maintain leading positions in the Asia Pacific region and operations globally.

At the same time, the acquisition enriches the Group's existing security solution offerings, which include those from Beijing Teamsun Technology Co. Ltd. ("Teamsun"), the Group's ultimate controlling shareholder and the Group. The Group will be able to provide 360° authentication and credential management solutions which can address the increasing demand for IT security solutions targeted towards meeting sophisticated threats, expanding regulatory compliance requirements, increased usage of remote access and new delivery models for services, such as cloud computing and software-as-a-service.

In addition, we can further expand our business in Greater China through the full support of Teamsun and a favorable policy in mainland China which supports domestically developed security solutions. With i-Sprint becoming a wholly owned subsidiary of the Group, the Group will be able to provide its regional customers with broader security and higher quality of service.

Capable of Providing Greater Diversity in IT Solutions

During the period under review, steady performance was recorded in the IT solutions business. The Group secured a number of projects providing focused solutions ranging from security, enterprise content management to business intelligence.

In view of the growing regional IT-security market, the Group is eager to become a leader in bringing diverse security solutions to customers. Prior to i-Sprint becoming a subsidiary of the Group, the Group had been working with i-Sprint to provide enterprise-class security solutions to financial institutions in Hong Kong. The Group was awarded a project from a well known Chinese owned bank based in Hong Kong to provide i-Sprint's credential and access management solutions with token authentication management as well as maintenance, on-site support, consultancy and training services. Furthermore, the Group had earlier secured another credential and access management solutions project from the Hong Kong branch of one of the oldest banks in China. The project is already in progress at the time of the period under review, and demonstrates the Group's dedication towards carrying out reliable security solutions to its customers.

Apart from security solutions, the Group recognises the growing needs of enterprise content management solutions, fueled by its customers' increased desire to store, access and share information or documentation instantly. The Group scored a project from a government authority to implement a paperless meeting system for government officials to share confidential documents electronically for the purposes of increasing the efficiency of conference meetings. Furthermore, the Group also provided another important enterprise content management solutions to China Southern Airlines Company Limited ("China Southern Airlines"). A Technical Document Management System ("TDMS") was upgraded and new system architecture and platform were built for China Southern Airlines. The Group has completed the upgrade, installation and relevant testing, much to the satisfaction of China Southern Airlines. These important projects fully demonstrate our capability of seizing upon the growing needs for environmentally friendly IT.

The Group also continued to focus on business intelligence solutions during the period under review. A business intelligence project was awarded by Hutchison Global Communications Limited, a leading fixed network operator in Hong Kong, to build a business intelligence reporting platform for comprehensive data analysis and efficient decision-making. The Group is devoted to replicating the success to other sectors to further business growth.

Persist in Offering Excellent IT Infrastructure

In the IT infrastructure business, the Group continued to achieve satisfactory performance. The Group won an IT infrastructure upgrade project from one of the world's largest banking and financial services organisations. Another project was awarded to the Group from an international airline to upgrade hardware and software applications for all of its offices in Hong Kong and mainland China. Technology upgrades will ultimately facilitate our customers to optimise their IT infrastructure to reduce risk and support their operations.

Provide One-stop Managed Services

Another business that the Group is focusing on is managed services, particularly in respect of major and long-standing customers. The success of this business was demonstrated by the above-mentioned international airline continuously awarding the Group with desk side and server operations contracts during the period under review. Apart from Hong Kong, the Group secured a multi-million dollar project from a renowned bank in Thailand to provide managed services on IT infrastructure for its branches in 76 provinces nationwide on a multi-year basis.

Continue to Expand Presence in Greater China

The Group continues to work closely with Teamsun and has successfully secured projects from customers who have operations in mainland China. This demonstrates the Group's solid progress in growing its cross-territories business. A project was awarded to the Group by a leading international bank to provide support and maintenance services project on security infrastructure for its offices in major cities in China. The Group also won a contract from China Sports Lottery HKJC Infotech (Beijing) Co., Ltd to offer an office automation infrastructure and maintenance service. These serve to demonstrate the success of our current cross-territories business strategy and the clear result of synergies attributable to our cooperative work with Teamsun in the Greater China market.

Outlook and Prospects

The Group expects to explore more business opportunities in the Asia Pacific region by combining i-Sprint's market-proven and global technology with ASL's breadth of hardware, software and one-stop services, particularly in the FSI market.

With the expanded territorial coverage to more countries in the Asia Pacific region, the Group will be able to bring its diverse and advanced IT products and solutions to customers in the Asia Pacific region, and vice versa, to help multi-national corporations enter the Greater China market through cooperation with Teamsun.

Additionally, the Group will continue to focus on managed services by strengthening its ties with customers. Apart from promoting the solutions business in the areas of security, enterprise content management, business intelligence, the Group has observed that smart phones or mobile devices are becoming increasingly commonplace. With the increasing demands for such devices, the potential of the same will also correspondingly increase. For this reason, the Group will focus on providing IT solutions which help customers grasp the latest trends in mobile computing.

Apart from providing customised solutions using market available IT products, the Group will continue to study ways to monetise its market-proven solutions. i-Sprint has over 10 years of experience in creating intellectual property and developing market-proven software. This can facilitate the Group's strategic plans for intellectual property development, and will be beneficial to the long-term growth of ASL.

Looking ahead, we will continue to work with Teamsun to build greater synergies for promoting the aforementioned cross-territories business. Through the acquisition of i-Sprint, we are well positioned to compete more effectively in the Asia Pacific region, bringing even greater value to our shareholders.

Financial Resources and Liquidity

As at 31st March 2011, the Group's total assets of HK\$953.5 million were financed by current liabilities of HK\$462.3 million, non-current liabilities of HK\$20.6 million and shareholders' equity of HK\$470.6 million. The Group had a working capital ratio of approximately 1.53:1.

As at 31st March 2011, the Group had an aggregate composite banking facility from banks of approximately HK\$112.2 million (31st December 2010: HK\$112.2 million). The Group had pledged land and buildings and investment properties in an aggregate amount of HK\$153.1 million (31st December 2010: HK\$154.0 million) and restricted bank deposits of approximately HK\$2.2 million (31st December 2010: HK\$1.9 million) for banking facilities granted to the Group. The performance bond issued by the Group to customers as security of contracts was approximately HK\$31.9 million as at 31st March 2011 (31st December 2010: HK\$31.3 million). The Group's gearing ratio was zero as at 31st March 2011 (31st December 2010: zero).

Treasury Policies

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

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and no hedging activities were engaged by the Group during the three months ended 31st March 2011.

Contingent Liabilities

As at 31st March 2011, bank deposits held as security for banking facilities amounted to approximately HK\$2.2 million (31st December 2010: HK\$1.9 million). At 31st March 2011, the amount of available bank facilities is HK\$112.2 million (31st December 2010: HK\$112.2 million) and the performance bond of HK\$31.9 million (31st December 2010: HK\$31.3 million) has been issued by the Group to customers as security of contracts.

Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$44.7 million as at 31st March 2011 (31st December 2010: HK\$44.7 million). The amount utilised against goods supplied as at 31st March 2011 which was secured by the corporate guarantee was approximately HK\$4.9 million (31st December 2010: HK\$3.7 million).

Capital Commitment

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

Employee and Remuneration Policies

As at 31st March 2011, the Group, excluding its associates, employed 1,698 permanent and contract staff in Hong Kong, Macau, Taiwan, mainland China, Thailand, Singapore and Malaysia. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share options scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31st March 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the three months ended 31st March 2011, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the accounting period for the three months ended 31st March 2011 except with respect to Code A.4.1, all non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

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

Hong Kong, 27th April 2011

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