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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE NINE MONTHS ENDED 31ST DECEMBER 2010

RESULTS

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

Consolidated Income Statement

		Unaudited		Audited	
		Three months		Nine months	Twelve months
		ended		ended	ended
		31st December		31st December	31st March
		2010	2009	2010	2010
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(restated)
					Note 2(c)
Continuing operations					
REVENUE	3	361,210	296,272	994,509	1,329,982
Cost of goods sold		(175,035)	(159,297)	(510,438)	(738,832)
Cost of services rendered		(137,674)	(100,029)	(354,871)	(433,096)
Other income	4	1,265	1,538	4,534	6,870
Fair value gain on revaluation of investment properties		5,800	-	5,800	3,590
Selling expenses		(17,566)	(16,452)	(52,601)	(66,410)
Administrative expenses		(16,269)	(10,774)	(43,657)	(50,717)
Finance income	5	286	170	681	516
Share of results of associates		(112)	333	224	1,714
PROFIT BEFORE INCOME					
TAX		21,905	11,761	44,181	53,617
Income tax expense	7	(5,195)	(1,685)	(9,648)	(9,857)
Profit from continuing operations		16,710	10,076	34,533	43,760
Discontinued operations					
Profit from discontinued operations	8	-	-	-	72,598
Profit for the period/year attributable to equity holders of the Company		16,710	10,076	34,533	116,358
DIVIDENDS	9				
Special dividend		-	-	-	286,491
Interim dividend		12,456	-	12,456	-
Final dividend		-	-	-	-

Consolidated Income Statement (Cont'd)

	Note	Unaudited		Audited	
		2010	2009	2010	2010
		31st December	31st December	31st December	31st March
		ended	ended	ended	ended
		HK cents	HK cents	HK cents	HK cents
					(restated)
					Note 2(c)
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company	10				
Basic earnings per share					
From continuing operations		5.37	3.04	11.09	14.24
From discontinued operations		-	-	-	23.60
		<u>5.37</u>	<u>3.04</u>	<u>11.09</u>	<u>37.84</u>
Diluted earnings per share					
From continuing operations		5.37	3.04	11.09	14.21
From discontinued operations		-	-	-	23.57
		<u>5.37</u>	<u>3.04</u>	<u>11.09</u>	<u>37.78</u>

Consolidated Statement of Comprehensive Income

	Unaudited		Audited	
	2010	2009	2010	2010
	31st December	31st December	31st December	31st March
	ended	ended	ended	ended
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(restated)
				Note 2(c)
Profit for the period/year	16,710	10,076	34,533	116,358
Other comprehensive income/(loss):				
Revaluation surplus of leasehold land and buildings	32,196	-	32,196	19,418
Deferred taxation arising from revaluation surplus of leasehold land and buildings	(5,312)	-	(5,312)	(3,204)
Exchange differences on translation of overseas operations	382	312	1,645	727
Total comprehensive income for the period/year attributable to equity holders of the Company	<u>43,976</u>	<u>10,388</u>	<u>63,062</u>	<u>133,299</u>

Consolidated Balance Sheet

		Audited	
		31st December	31st March
		2010	2010
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)
			Note 2(c)
NON-CURRENT ASSETS			
Property, plant and equipment	11	162,907	130,827
Investment properties	12	24,700	18,900
Intangible assets		900	700
Interests in associates		1,865	3,095
Trade receivables	13	1,869	627
Finance lease receivables		3,210	-
		<u>195,451</u>	<u>154,149</u>
CURRENT ASSETS			
Inventories		76,972	101,820
Trade receivables	13	163,722	147,924
Finance lease receivables		1,914	-
Other receivables, deposits and prepayments	14	23,605	27,019
Amounts due from customers for contract work		161,659	90,423
Restricted bank deposits	15	1,924	29,538
Cash and cash equivalents	15	195,552	279,988
		<u>625,348</u>	<u>676,712</u>
TOTAL ASSETS		<u>820,799</u>	<u>830,861</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		31,140	31,140
Share premium		104,947	104,947
Reserves		321,154	269,978
TOTAL EQUITY		<u>457,241</u>	<u>406,065</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		17,996	10,464
Deferred income		73	24
		<u>18,069</u>	<u>10,488</u>
CURRENT LIABILITIES			
Trade payables	16	193,000	189,850
Other payables and accruals	17	48,190	52,287
Receipts in advance		91,979	166,855
Current income tax liabilities		12,320	5,316
		<u>345,489</u>	<u>414,308</u>
TOTAL LIABILITIES		<u>363,558</u>	<u>424,796</u>
TOTAL EQUITY AND LIABILITIES		<u>820,799</u>	<u>830,861</u>
NET CURRENT ASSETS		<u>279,859</u>	<u>262,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>475,310</u>	<u>416,553</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Change of the financial year end date

By a board resolution passed on 15th July 2010, the Company changed its financial year end date from 31st March to 31st December. As a result of the change, the current period financial statements were made up of a 9-month-period from 1st April 2010 to 31st December 2010 and therefore the comparative amounts for the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and related notes, which covered a 12-month-period from 1st April 2009 to 31st March 2010, are not directly comparable.

2. Application of New and Revised Hong Kong Financial Reporting Standards

(a) The following revised standards and new amendments to standards are mandatory for the first time for the financial period beginning 1st April 2010 and are relevant to the Group:

- 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.

The revised standards continue to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

(b) New and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1st April 2010 and do not have any material financial impact on the Group's consolidated financial information:

HKAS 1 (amendment)	Presentation of financial statements
Amendment to HKAS 32	Classification of rights issues
HKAS 36 (amendment)	Impairment of assets
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions
HKFRS 5 (amendment)	Non-current assets held for sale and discontinued operations
HK(IFRIC) 9 and HKAS 39 (amendments)	Reassessment of embedded derivatives and Financial instruments: Recognition and measurement
HK(IFRIC) 16	Hedges of a net investment in a foreign operation
HK(IFRIC) 17	Distribution of non-cash assets to owners
HK(IFRIC) 18	Transfers of assets from customers
HKInt 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (amendments)	First annual improvements to HKFRS published in October 2008 and second annual improvements to HKFRS published in May 2009 by HKICPA

(c) Amendment early adopted by the Group

The Group early adopted the amendments to HKAS 12, 'Deferred Tax: Recovery of Underlying Assets' ("the Amendment") in the current period. As a result of the Amendment, HK(SIC)-21, 'Income taxes – recovery of revalued non-depreciable assets' would no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK(SIC)-21, which is accordingly withdrawn. The Amendment provides an exception to this measurement principle in respect of investment property measured using the fair value model in accordance with HKAS 40, 'Investment property'. The purpose of the exception is to reflect the entity's expectation of recovery of the investment property in a practical manner that involves little subjectivity. In particular, there is a rebuttable presumption that investment property measured at fair value is recovered entirely by sale, and therefore, no deferred taxation needed to be recognised from revaluation of the investment properties in Hong Kong.

The effect of the adoption of the Amendment is as follows:

(i) Effect on consolidated balance sheet at 31st December 2010	At 31st December 2010 (Under previous accounting policy) <i>HK\$'000</i>	Effect of HKAS 12 Amendment <i>HK\$'000</i>	At 31st December 2010 (Under revised accounting policy) <i>HK\$'000</i>
Decrease in deferred income tax liabilities	18,953	957	17,996
	<hr/>	<hr/>	<hr/>
(ii) Effect on consolidated balance sheet at 31st March 2010	At 31st March 2010 (Under previous accounting policy) <i>HK\$'000</i>	Effect of HKAS 12 Amendment <i>HK\$'000</i>	At 31st March 2010 (Under revised accounting policy) <i>HK\$'000</i>
Decrease in deferred income tax liabilities	11,056	592	10,464
	<hr/>	<hr/>	<hr/>
(iii) Effect on the Group's equity at 31st March 2010	Originally stated <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Restated <i>HK\$'000</i>
Increase in retained earnings	196,603	592	197,195
	<hr/>	<hr/>	<hr/>
(iv) Effect on the Group's earnings per share at 31st March 2010	Originally stated <i>HK cents</i>	Adjustments <i>HK cents</i>	Restated <i>HK cents</i>
Increase in basic earnings per share from continuing operations attributable to equity holders of the Company	14.04	0.20	14.24
	<hr/>	<hr/>	<hr/>
Increase in diluted earnings per share from continuing operations attributable to equity holders of the Company	14.01	0.20	14.21
	<hr/>	<hr/>	<hr/>

This change in accounting policy had been applied retrospectively and the comparative financial information had been restated accordingly. Since the Group does not have any investment properties as at 1st April 2009, the adoption of this Amendment does not have any impact on the opening balance sheet of the earliest comparative period.

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

HKAS 24 (revised)	Related party disclosures
HKFRS 9	Financial instruments
Amendments to HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
HKFRSs (amendments)	Third annual improvements to HKFRS published in May 2010 by HKICPA

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:

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March	
	2010	2009	2010	2010	2010	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	202,188	173,366	573,910			814,011
Revenue from service contracts	159,022	122,906	420,599			515,971
	<hr/>	<hr/>	<hr/>			<hr/>
Revenue from continuing operations	361,210	296,272	994,509			1,329,982
	<hr/>	<hr/>	<hr/>			<hr/>

The chief operating decision maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess the performance and allocate resources. The Board has determined the operating segments based on the Group's internal reporting.

The Group is currently organised into two (twelve months ended 31st March 2010: three) operating divisions – Information Technology Products (“IT Products”) and Information Technology Services (“IT Services”). The Group disposed of the Global Managed Services (“GMS”) business in August 2009. 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 includes 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 are presented as discontinued operations (note 8).

The Group’s revenue and results by operating segment for the period/year under review are presented below.

Three months ended 31st December 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>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from external customers	202,188	159,022	361,210	-	361,210
Intersegment revenue	<u>2,521</u>	<u>3,939</u>	<u>6,460</u>	-	<u>6,460</u>
Segment revenue	204,709	162,961	367,670	-	367,670
Reportable segment profit	17,004	14,164	31,168	-	31,168
Segment depreciation	535	1,572	2,107	-	2,107
Additions to property, plant and equipment	<u>425</u>	<u>2,832</u>	<u>3,257</u>	-	<u>3,257</u>

Nine months ended 31st December 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>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from external customers	573,910	420,599	994,509	-	994,509
Intersegment revenue	<u>8,788</u>	<u>11,892</u>	<u>20,680</u>	-	<u>20,680</u>
Segment revenue	582,698	432,491	1,015,189	-	1,015,189
Reportable segment profit	37,683	41,156	78,839	-	78,839
Segment depreciation	1,099	4,871	5,970	-	5,970
Additions to property, plant and equipment	<u>882</u>	<u>5,434</u>	<u>6,316</u>	-	<u>6,316</u>

Three months ended 31st December 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>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	173,366	122,906	296,272	-	296,272
Intersegment revenue	2,590	13,767	16,357	-	16,357
Segment revenue	175,956	136,673	312,629	-	312,629
Reportable segment profit	6,832	13,788	20,620	-	20,620
Segment depreciation and amortisation	534	1,990	2,524	-	2,524
Additions to property, plant and equipment	775	2,618	3,393	-	3,393

Twelve 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>	<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
Segment 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

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

<u>As at 31st December 2010</u>	<u>IT Products</u>	<u>IT Services</u>	<u>Total Group</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	271,328	172,807	444,135
Reportable segment liabilities	192,663	96,812	289,475

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 on disposal of property, plant and equipment, unallocated depreciation and amortisation for property, plant and equipment that are used for all segments, fair value gain on revaluation of investment properties and other corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, restricted bank deposits, cash and cash equivalents 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

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March	
	2010	2009	2010	2010	2010	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from continuing operations	367,670	312,629	1,015,189		1,370,017	
Elimination of intersegment revenue	(6,460)	(16,357)	(20,680)		(40,035)	
Revenue from continuing operations per consolidated income statement	<u>361,210</u>	<u>296,272</u>	<u>994,509</u>		<u>1,329,982</u>	

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

Profit or loss

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March	
	2010	2009	2010	2010	2010	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment profit from continuing operations	31,168	20,620	78,839		92,384	
Unallocated amounts:						
Unallocated other income	1,245	1,582	2,906		6,646	
Fair value gain on revaluation of investment properties	5,800	-	5,800		3,590	
Unallocated gain on disposal of property, plant and equipment	72	-	68		-	
Unallocated depreciation	(1,686)	(1,320)	(5,232)		(8,132)	
Unallocated amortisation	-	(3)	-		(43)	
Share-based payment expense	-	-	-		(361)	
Share of results of associates	(112)	333	224		1,714	
Unallocated corporate expenses	(14,582)	(9,451)	(38,424)		(42,181)	
Profit before income tax from continuing operations per consolidated income statement	<u>21,905</u>	<u>11,761</u>	<u>44,181</u>		<u>53,617</u>	

Assets

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Reportable segment assets	444,135	372,028
Unallocated assets:		
Interests in associates	1,865	3,095
Unallocated restricted bank deposits	1,924	29,538
Unallocated cash and cash equivalents	195,552	279,988
Unallocated corporate assets	177,323	146,212
	<u>820,799</u>	<u>830,861</u>
Total assets per consolidated balance sheet	<u><u>820,799</u></u>	<u><u>830,861</u></u>

Liabilities

	31st December 2010 HK\$'000	31st March 2010 HK\$'000 (restated) Note 2(c)
Reportable segment liabilities	289,475	370,900
Unallocated liabilities:		
Current income tax liabilities	12,320	5,316
Deferred income tax liabilities	17,996	10,464
Unallocated corporate liabilities	43,767	38,116
	<u>363,558</u>	<u>424,796</u>
Total liabilities per consolidated balance sheet	<u><u>363,558</u></u>	<u><u>424,796</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.

Place of domicile

	Revenue from continuing operations from external customers		Revenue from continuing operations from external customers	
	Three months ended 31st December 2010 HK\$'000	2009 HK\$'000	Nine months ended 31st December 2010 HK\$'000	Twelve months ended 31st March 2010 HK\$'000
Hong Kong	316,984	259,149	892,766	1,182,242
Guangzhou	9,309	13,861	20,788	27,550
Macau	16,386	11,111	40,846	51,846
Taiwan	7,049	7,776	20,285	26,135
Thailand	11,482	4,375	19,824	42,209
	<u>361,210</u>	<u>296,272</u>	<u>994,509</u>	<u>1,329,982</u>

Place of domicile

	Non-current assets	
	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Hong Kong	185,255	147,400
Guangzhou	2,208	1,144
Macau	5,831	4,216
Taiwan	1,062	484
Thailand	1,095	905
	<u>195,451</u>	<u>154,149</u>

4. Other Income

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March
	2010	2009	2010	2010	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank deposits	120	194	333	942	
Equipment rental income	-	863	1,439	3,454	
Rental income from investment properties	374	374	1,122	932	
Exchange gain	620	-	670	1,361	
Others	151	107	970	181	
	1,265	1,538	4,534	6,870	

5. Finance Income

Finance income represents accretion of discount recognised upon initial recognition of loans and receivables to their fair values (twelve months ended 31st March 2010: same).

6. Expenses by Nature

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March
	2010	2009	2010	2010	2010
	HK\$'000	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	3,793	3,430	11,202	16,386	
Intangible assets	-	417	-	694	
Gain on disposal of property, plant and equipment	(107)	(19)	(227)	(62)	
Provision for/(reversal of) impairment of trade receivables	132	(1,341)	(734)	(419)	
Share-based payment expense	-	-	-	361	
Staff costs	99,527	85,923	277,738	343,208	

7. Income Tax Expense

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March
	2010	2009	2010	2010	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation:					
Hong Kong profits tax	3,342	1,675	7,600	10,092	
Overseas taxation	(66)	30	191	464	
(Over)/under provision in prior year:					
Hong Kong profits tax	(139)	-	(276)	212	
Overseas taxation	-	-	(87)	-	
	3,137	1,705	7,428	10,768	
Deferred taxation:					
Current period/year	2,058	(20)	2,220	(911)	
Income tax expense	5,195	1,685	9,648	9,857	

Hong Kong profits tax has been provided at the rate of 16.5% (twelve months ended 31st March 2010: 16.5%) on the estimated assessable profits for the period/year. 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.

8. Profit from Discontinued Operations

On 24th April 2009, Computer Sciences Corporation (“CSC”), the former ultimate holding company of the Company, 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 were 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 the announcement dated 17th July 2009.

The results of the GMS business are presented in the consolidated financial information as discontinued operations. Financial information relating to the GMS business for the period from 1st April 2009 to 23rd September 2009, the date of Disposal is set out below.

	Twelve months ended 31st March 2010 <i>HK\$’000</i>
Revenue	30,070
Expenses	<u>(25,900)</u>
Profit before income tax from discontinued operations	4,170
Income tax expense	<u>(688)</u>
Profit after income tax from discontinued operations	<u>3,482</u>
Pre-tax gain on disposal of the GMS business	69,116
Income tax expense	<u>-</u>
Post-tax gain on disposal of the GMS business	<u>69,116</u>
Profit from discontinued operations	<u><u>72,598</u></u>

9. Dividend

	Nine months ended 31st December 2010 <i>HK\$’000</i>	Twelve months ended 31st March 2010 <i>HK\$’000</i>
Dividends recognised as distribution during the period/year:		
Interim dividend in respect of the nine months ended 31st December 2010 of 4.0 HK cents per share	12,456	-
Special dividend in respect of the twelve months ended 31st March 2009 of 92.0 HK cents per share	<u>-</u>	<u>286,491</u>
	<u>12,456</u>	<u>286,491</u>
Dividends proposed:		
Final dividend in respect of the nine months ended 31st December 2010 of 4.0 HK cents per share	<u>12,456</u>	-
	<u>12,456</u>	<u>286,491</u>

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:

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2010 HK\$'000	(restated) Note 2(c)
Earnings for the purpose of basic earnings per share and diluted earnings per share	<u>16,710</u>	<u>10,076</u>	<u>34,533</u>	<u>116,358</u>	
	Number of shares Three months ended 31st December		Number of shares Nine months ended 31st December		Twelve months ended 31st March
	2010 '000	2009 '000	2010 '000	2010 '000	2010 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	311,403	331,895	311,403	307,476	
Effect of dilutive potential ordinary shares – Share options (note a)	-	-	-	553	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>311,403</u>	<u>331,895</u>	<u>311,403</u>	<u>308,029</u>	

Note a

There was no dilutive instrument for the three months and the nine months ended 31st December 2010.

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

	Three months ended 31st December		Nine months ended 31st December		Twelve months ended 31st March
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2010 HK\$'000	(restated) Note 2(c)
Earnings for the purpose of basic earnings per share and diluted earnings per share from continuing operations	<u>16,710</u>	<u>10,076</u>	<u>34,533</u>	<u>43,760</u>	

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

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

11. Property, Plant and Equipment

During the nine months ended 31st December 2010, the Group spent approximately HK\$11,040,000 (twelve months ended 31st March 2010: HK\$16,666,000) mainly on acquiring computers and office equipment.

During the nine months ended 31st December 2010, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$81,000 (twelve months ended 31st March 2010: HK\$181,000), resulting in a gain on disposal of HK\$227,000 (twelve months ended 31st March 2010: HK\$62,000). In relation to the disposal of GMS business for the twelve months ended 31st March 2010, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$37,926,000 (note 8).

The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2010 and 31st March 2010 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\$26,884,000 (twelve months ended 31st March 2010: HK\$16,214,000) which has been credited 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\$54,562,000 (twelve months ended 31st March 2010: HK\$56,111,000).

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

12. Investment Properties

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

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.

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Trade receivables	165,903	151,402
Less: provision for impairment of receivables	<u>(312)</u>	<u>(2,851)</u>
Trade receivables – net	165,591	148,551
Less: non-current portion of trade receivables	<u>(1,869)</u>	<u>(627)</u>
	<u>163,722</u>	<u>147,924</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:

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Current	126,695	119,171
Within 30 days	15,992	9,583
31 - 60 days	4,234	11,488
61 - 90 days	6,454	3,730
Over 90 days	<u>12,528</u>	<u>7,430</u>
	<u>165,903</u>	<u>151,402</u>

14. Other Receivables, Deposits and Prepayments

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Other receivables	1,340	595
Deposits	6,284	6,091
Prepayments	15,469	17,998
Amount due from ultimate holding company	512	-
Amounts due from former fellow subsidiaries	<u>-</u>	<u>2,335</u>
	<u>23,605</u>	<u>27,019</u>

15. Restricted Bank Deposits and Cash and Cash Equivalents

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Restricted bank deposits	<u>1,924</u>	<u>29,538</u>
Cash at bank and on hand	132,309	264,079
Short-term bank deposits	<u>63,243</u>	<u>15,909</u>
Cash and cash equivalents	<u>195,552</u>	<u>279,988</u>

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

Bank balances and short term bank deposits carry interest at market rates with average interest rate of 0.03% and 0.69% (31st March 2010: 0.12% and 0.13%) per annum, respectively.

16. Trade Payables

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

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Current	126,898	129,757
Within 30 days	39,055	34,454
31 - 60 days	14,948	12,205
61 - 90 days	1,634	4,289
Over 90 days	<u>10,465</u>	<u>9,145</u>
	<u>193,000</u>	<u>189,850</u>

17. Other Payables and Accruals

	31st December 2010 HK\$'000	31st March 2010 HK\$'000
Other payables and accruals	45,787	50,993
Deferred income	456	631
Amount due to ultimate holding company	-	597
Amount due to an associate	1,455	66
Amounts due to fellow subsidiaries	<u>492</u>	<u>-</u>
	<u>48,190</u>	<u>52,287</u>

18. Pledge of Assets

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

At 31st December 2010, the Group's restricted bank balances were pledged to secure the banking facilities of the Group of HK\$1,924,000 (31st March 2010: HK\$29,538,000).

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 4.0 HK cents per share for the nine months ended 31st December 2010. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the proposed dividend will be paid on or before 13th May 2011 to shareholders whose names appear on the Register of Members of the Company on 19th April 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group has changed its financial year end date from 31st March to 31st December. The Group has decided to align its financial year end date with Beijing Teamsun Technology Co., Ltd. ("Teamsun") to facilitate the preparation and updating of the consolidated financial statements and accounts.

The Group's revenue from continuing operations for the nine months ended 31st December 2010 was HK\$994.5 million, higher by 8.8% compared to the nine months ended 31st December 2009. For the three months ended 31st December 2010, the Group's revenue from continuing operations was HK\$361.2 million, higher by 21.9% compared to the same period last year.

Product sales and service revenue for the nine months ended 31st December 2010 were HK\$573.9 million and HK\$420.6 million, increasing by 5.5% and 13.6% respectively compared to the same period in 2009. Product sales and service revenue for the nine months ended 31st December 2010 contributed 57.7% and 42.3% to total revenue respectively compared to 59.5% and 40.5% of total revenue during the corresponding period from the previous year.

Commercial and public sector sales from continuing operations for the nine months ended 31st December 2010 contributed 45.9% and 54.1% to revenue respectively compared to 47.1% and 52.9% in the same period last year. Commercial and public sector sales for the three months ended 31st December 2010 contributed 39.6% and 60.4% to revenue respectively compared to 47.9% and 52.1% from the corresponding period last year. For the nine months ended 31st December 2010, profit after income tax from continuing operations was HK\$34.5 million, indicating a year on year increase of 74.2%. For the three months ended 31st December 2010, profit after income tax from continuing operations was HK\$16.7 million, higher by 65.8% compared to the corresponding period in 2009.

The order book balance as of 31st December 2010 was approximately HK\$616.3 million. The Group's net cash stood at approximately HK\$195.6 million with a working capital ratio of 1.81:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

In view of the change of financial year end date of the Group, the audited and unaudited results for the nine months and the twelve months ended 31st December 2010 and 2009 (as appropriate) are tabled below for comparative purpose only.

	Audited Nine months ended 31st December 2010 HK\$'000	Unaudited Nine months ended 31st December 2009 HK\$'000	Unaudited Twelve months ended 31st December 2010 HK\$'000	Unaudited Twelve months ended 31st December 2009 HK\$'000
Continuing operations				
Revenue	994,509	914,012	1,392,510	1,282,350
Cost of goods sold	(510,438)	(494,320)	(754,950)	(711,184)
Cost of services rendered	(354,871)	(313,829)	(456,170)	(408,958)
Other income	4,534	4,133	7,278	6,542
Fair value gain on revaluation of investment properties	5,800	-	9,390	-
Selling expenses	(52,601)	(49,380)	(69,631)	(73,950)
Administrative expenses	(43,657)	(36,816)	(57,557)	(55,253)
Finance income	681	315	874	315
Finance costs	-	-	-	(230)
Share of results of associates	224	749	1,190	793
Profit before income tax	44,181	24,864	72,934	40,425
Income tax expense	(9,648)	(5,084)	(14,421)	(9,852)

	Audited Nine months ended 31st December 2010 <i>HK\$'000</i>	Unaudited Nine months ended 31st December 2009 <i>HK\$'000</i>	Unaudited Twelve months ended 31st December 2010 <i>HK\$'000</i>	Unaudited Twelve months ended 31st December 2009 <i>HK\$'000</i>
Profit from continuing operations	34,533	19,780	58,513	30,573
Discontinued operations				
Profit from discontinued operations	-	72,598	-	73,519
Profit for the period/year attributable to equity holders of the Company	34,533	92,378	58,513	104,092

Business Review

Solid performance was recorded for the nine months ended 31st December 2010 as the business of the Group progressed steadily. The Group continued to score significant wins from the IT infrastructure, solutions and services businesses. The increase in IT spending was primarily driven by added demand and economic growth.

Within the infrastructure business, the Group secured a contract worth more than HK\$6 million to provide a renowned public transport operator in Hong Kong with an email systems upgrade and migration services in October 2010. Our services will offer greater storage capacity and improved information sharing to our customer, which will help them to address the issues of rapid growth and aging hardware.

During the period under review, we saw an increasing trend of customers demanding IT solutions to resolve their business challenges. This was in line with the Group's strategy to bolster the solutions business. In particular, we noticed a steady growth in demand for business intelligence and security solutions.

The growing needs of business intelligence solutions are fueled by our customers' increased desire to improve their decision making processes. In the commercial sector on one hand, particularly at the retail level, analytical solutions to identify buying behaviors and sales activities were in upward demand due to the need to reduce operation cost and maintain business growth. On the other hand, the increasing demands for security solutions were driven by sophisticated security threats, increased usage of remote access, more regulatory compliance requirements and greater acceptance of new delivery models for services, such as cloud computing and software-as-a-services.

With an established professional solutions team and proven service delivery methods, we took advantage of the above and secured a number of significant and complex solutions projects. In December 2010, the Group won a multi-million dollar BI project from the wholly-owned subsidiary of one of the world's largest investment and insurance companies. The service which will be provided to them includes the consolidation of raw data and customer data from all their business units into a clean and organised view of the business used for reporting and analysis. In the same month, we also won a security contract from a government authority to consolidate and centralise all IT log data for an optimised and more secure network.

During the period under review, the services business won a number of significant long term managed and maintenance services contracts. These contracts will provide the Group with a stable and recurrent income base. The Group was awarded with a workflow management system project from a government authority in December 2009. In May 2010, the Group was awarded with a support services contract valued in excess of HK\$1 million to provide professional services under eight separate service categories for the subsequent phase of the above mentioned workflow management system project. The contract value of the entire project will be over HK\$40 million. We were also awarded with numerous projects such as the provision of networking, database and storage products by this government authority during the period under review. We share a long history with this government authority and this project illustrates the trust and confidence that our customers have in the Group and the services provided by us.

The Group continued to increase its presence in the Greater China region. Our cross-territories business showed solid progress after we successfully followed the footsteps of our Hong Kong-based customers and international corporations into mainland China. During the period under review, our customer portfolio grew while our services offerings were greater in complexity, volume, geographical coverage and scope. A number of sizable cross-territories projects were secured, including two multi-million dollar storage projects that were deployed in Hong Kong and Shenzhen for one of the region's largest shipping companies. Moreover, projects that involved cross-territorial deployment in mainland China were successfully carried out, covering a number of first and second tier cities in mainland China.

To further our business in Greater China, the Group capitalised on the strategy to leverage collaborative opportunities with Teamsun. Notably, in December 2010, the Group and Teamsun jointly secured a tender in excess of HK\$7 million from a subsidiary of a renowned public transport operator in Hong Kong to set up a new data center in Shenzhen. The new data center will facilitate the customer's operation of a transportation system which will soon be in service. ASL will be responsible for the solutions design, hardware and software installation, and maintenance services.

Our success within the region firmly demonstrates our capabilities as a one-stop service provider, and our ability to capitalise on cross-territories opportunities.

Outlook and Prospects

The Group expects the momentum for growth seen in 2010 to continue for the remainder of 2011. We provide a range of products and services offerings with our well-established vendor network and technical expertise and, we will continue to promote the solutions business with a focus on business intelligence and security in the solutions arena. The exclusive distributorship of YESKEY, a security related IT product from Teamsun and its subsidiaries ("Teamsun Group"), will place us in a prime position to strengthen the leading role we hold within the growing regional IT-security market. In view of this, we will continue to work closely with Teamsun to bring diverse and advanced solutions to customers in the year ahead.

Apart from providing customised solutions using market available IT products, we have dedicated forces to study ways of monetising some of our market-proven solutions. We plan to replicate these successful solutions to other industries. We expect our continued investment in intellectual property development will enable us to achieve excellent IT support services, faster time-to-market, and greater value to customers, bringing us higher market differentiation.

We will follow our current cross-territories business strategy while continuing to leverage Teamsun for greater synergies in the Greater China market. In January 2011, the Group and Teamsun jointly received two multi-million dollar IT infrastructure upgrade orders after already having received a multi-million dollar order of the same nature in December 2010 for one of the largest IT distribution companies in Taiwan. Servers, storage, networking products and a 3-year maintenance services contract will be provided at many logistics centers to support the customer's worldwide operations and business expansion. The locations include the customer's headquarters in Taiwan, their data center in Shanghai and office in Australia. This contract signifies the continued trust placed on ASL's service expertise in the Asia Pacific region, and the sustained success of our presence in Taiwan over the past decade.

Apart from leveraging Teamsun to help multinationals and Hong Kong based enterprises entering into China, the Group will also closely monitor for opportunities to act as a springboard to help mainland enterprises to expand overseas for regional development.

Looking ahead, the Group will continue to seek for regional opportunities to achieve growth through mergers and acquisition for further business expansion. Through implementation of a well conceived strategy, we believe our goal of becoming one of the leading IT services providers in the Asia Pacific region will soon be realised.

Financial Resources and Liquidity

As at 31st December 2010, the Group's total assets of HK\$820.8 million were financed by current liabilities of HK\$345.5 million, non-current liabilities of HK\$18.1 million and shareholders' equity of HK\$457.2 million. The Group had a working capital ratio of approximately 1.81:1.

As at 31st December 2010, the Group had an aggregate composite banking facility from banks of approximately HK\$112.2 million (31st March 2010: HK\$29.5 million). The Group had pledged land and buildings and investment properties in an aggregate amount of HK\$154.0 million (31st March 2010: HK\$Nil) and restricted bank

deposits of approximately HK\$1.9 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 contracts was approximately HK\$31.3 million as at 31st December 2010 (31st March 2010: HK\$29.5 million). The Group's gearing ratio was zero as at 31st December 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 no hedging activities were engaged by the Group during the nine months ended 31st December 2010.

Contingent Liabilities

As at 31st December 2010, bank deposits held as security for banking facilities amounted to approximately HK\$1.9 million (31st March 2010: HK\$29.5 million). At 31st December 2010, the amount of available bank facilities is HK\$112.2 million and the performance bond of HK\$31.3 million (31st March 2010: HK\$29.5 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 December 2010 (31st March 2010: HK\$51.5 million). The amount utilised against goods supplied as at 31st December 2010 which was secured by the corporate guarantee was approximately HK\$3.7 million (31st March 2010: HK\$0.7 million).

Capital Commitment

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

Major Customers and Suppliers

During the nine months ended 31st December 2010, the five largest customers and single largest customer of the Group accounted for approximately 17.8% and 5.1%, respectively, of the Group's revenue. The five largest suppliers and single largest supplier of the Group accounted for approximately 40.6% and 14.4%, respectively, of the Group's purchases.

At no time during the nine months ended 31st December 2010 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) has an interest in any of the Group's five largest customers or suppliers.

Employee and Remuneration Policies

As at 31st December 2010, the Group, excluding its associates, employed 1,639 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 20th April 2011 to 27th April 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and 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 19th April 2011. The dividend warrants will be despatched on or before 13th May 2011.

CHANGE OF FINANCIAL YEAR END DATE

Reference is made to the Company's announcement dated 15th July 2010. The Board announced that the financial year end date of the Company has been changed from 31st March to 31st December.

As a result of the change, the current period financial statements were made up of a 9-month-period from 1st April 2010 to 31st December 2010 and therefore the comparative amounts for the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and related notes, which covered a period from 1st April 2009 to 31st March 2010, are not directly comparable.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31st December 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 audited annual results.

SCOPE OF WORK OF PwC HK

The figures in respect of the preliminary announcement of the Group's results for the nine months ended 31st December 2010 have been agreed by the Group's auditor, PwC HK, to the amounts set out in the Group's audited consolidated financial statements for the period. The work performed by PwC HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the nine months ended 31st December 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 nine months ended 31st December 2010 except as noted below:

- (a) with respect to Code A.1.1, there were three regular Board meetings held during the nine months ended 31st December 2010 under review for approving the annual results for the year ended 31st March 2010, first quarterly results for the three months ended 30th June 2010 and interim results for the six months ended 30th September 2010 respectively. Board meetings will be held on other occasions as needed;
- (b) with respect to Code A.1.8, owing to urgency for approving the continuing connected transactions between Teamsun Group and the Group (the "Transactions") in which the directors were considered interested Directors by virtue of their current shareholding, directorship and/or office with Teamsun Group (the "Interested Directors"), the Transactions were dealt with by way of circulation of Board resolutions (the "Board Resolutions") for efficiency purposes. Please refer to the Company's announcement and circular dated 6th October 2010 and 8th October 2010 respectively for the details of the Transactions under which the Interested Directors abstained from approving the Board Resolutions;
- (c) 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

- (d) 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, 10th March 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.