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# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

## INTERIM RESULTS ANNOUNCEMENT 2010

### RESULTS

The Board of Directors (the “Directors”) of Automated Systems Holdings Limited (the “Company” or “ASL”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2009. The condensed consolidated interim financial information has been reviewed by the Company’s Audit Committee.

### Condensed Consolidated Income Statement

	Notes	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
<b>Continuing operations</b>					
<b>REVENUE</b>	3	<b>330,629</b>	360,543	<b>617,740</b>	692,640
Cost of goods sold		(178,845)	(202,885)	(335,023)	(390,900)
Costs of services rendered		(117,325)	(121,910)	(213,800)	(226,566)
Other income	4	1,541	2,301	2,740	4,384
Selling expenses		(16,564)	(19,507)	(32,928)	(36,476)
Administrative expenses		(14,310)	(10,286)	(26,042)	(22,080)
Finance costs	5	-	(2)	-	(3)
Share of results of associates		257	343	416	542
<b>PROFIT BEFORE TAXATION</b>	6	<b>5,383</b>	8,597	<b>13,103</b>	21,541
Income tax expense	7	(2,048)	(452)	(3,399)	(2,643)
<b>Profit from continuing operations</b>		<b>3,335</b>	8,145	<b>9,704</b>	18,898
<b>Discontinued operations</b>					
Profit from discontinued operations	8	71,001	2,142	72,598	4,251
<b>Profit for the period attributable to equity holders of the Company</b>		<b>74,336</b>	10,287	<b>82,302</b>	23,149
<b>DIVIDENDS</b>					
Special dividend	9	286,491	-	286,491	-
Interim dividend		-	11,889	-	11,889

## Condensed Consolidated Income Statement (Cont'd)

		Unaudited		Unaudited	
		Three months ended		Six months ended	
		30th September		30th September	
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Earnings per share for profit for the period attributable to the equity holders of the Company</b>	10				
Basic		<u>HK24.04 cents</u>	HK3.46 cents	<u>HK27.11 cents</u>	HK7.80 cents
Diluted		<u>HK24.02 cents</u>	HK3.45 cents	<u>HK27.01 cents</u>	HK7.76 cents
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Company</b>	10				
Basic		<u>HK1.08 cents</u>	HK2.74 cents	<u>HK3.20 cents</u>	HK6.37 cents
Diluted		<u>HK1.08 cents</u>	HK2.73 cents	<u>HK3.19 cents</u>	HK6.34 cents

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited		Unaudited		
	Three months ended		Six months ended		
	30th September		30th September		
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit for the period</b>		<b>74,336</b>	10,287	<b>82,302</b>	23,149
<b>Other comprehensive income</b>					
Exchange differences on translation of overseas operations		<u>288</u>	734	<u>(366)</u>	<u>(1,598)</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<u><b>74,624</b></u>	<u>11,021</u>	<u><b>81,936</b></u>	<u>21,551</u>

## Condensed Consolidated Balance Sheet

		Unaudited 30th September 2009 HK\$'000	Audited 31st March 2009 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	110,342	174,899
Investment properties		15,310	-
Intangible assets		1,317	2,503
Interests in associates		1,796	1,381
		<u>128,765</u>	<u>178,783</u>
<b>CURRENT ASSETS</b>			
Inventories		101,730	104,467
Trade receivables	12	161,676	126,314
Other receivables, deposits and prepayments	13	27,539	24,861
Amounts due from customers for contract work		85,129	63,184
Restricted cash		23,633	-
Bank balances and cash		145,514	385,953
		<u>545,221</u>	<u>704,779</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	146,378	151,499
Other payables and accruals	15	44,724	58,849
Receipts in advance		108,917	121,371
Current tax liabilities		11,102	5,776
		<u>311,121</u>	<u>337,495</u>
<b>NET CURRENT ASSETS</b>		<u>234,100</u>	<u>367,284</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>362,865</b>	<b>546,067</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		8,128	14,571
Deferred income		35	-
		<u>8,163</u>	<u>14,571</u>
		<u>354,702</u>	<u>531,496</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		31,140	29,743
Reserves		323,562	501,753
Total equity		<u>354,702</u>	<u>531,496</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 2009 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 for the year ended 31st March 2009, 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 2009, as described in those 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 amendments to standards are mandatory for the first time for the financial year beginning 1st April 2009.

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

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1st April 2009, but are not currently relevant for the Group or may not have any financial impact on the interim financial information:

- HKAS 23 (amendment), 'Borrowing costs'.
- HKAS 32 (amendment), 'Financial instruments: Presentation'.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- HKFRS 7 (amendments), 'Financial instruments: Disclosures'.
- HKFRS 2 (amendments), 'Share-based payment'.
- HK(IFRIC) 9 (amendments), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- HK(IFRIC) 13, 'Customer loyalty programmes'.
- HK(IFRIC) 15, 'Agreements for the construction of real estate'.
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.

### 3. Revenue and Segmental 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 Three months ended 30th September		Unaudited Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Sales of goods	196,178	221,792	370,422	440,097
Revenue from service contracts	<u>134,451</u>	<u>138,751</u>	<u>247,318</u>	<u>252,543</u>
Revenue from continuing operations	<u>330,629</u>	<u>360,543</u>	<u>617,740</u>	<u>692,640</u>

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

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 a discontinued operations (note 8).

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

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

	Continuing Operations		Total Continuing Operations	Discontinued Operations	Total Group
	IT Products	IT Services	Operations	GMS	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	196,178	134,451	330,629	10,542	341,171
Intersegment revenue	4,173	5,781	9,954	-	9,954
Segment revenue	200,351	140,232	340,583	10,542	351,125
Reportable segment profit	6,403	11,048	17,451	2,257	19,708
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

	Continuing Operations		Total Continuing Operations	Discontinued Operations	Total Group
	IT Products	IT Services	Operations	GMS	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	370,422	247,318	617,740	30,070	647,810
Intersegment revenue	6,312	15,335	21,647	-	21,647
Segment revenue	376,734	262,653	639,387	30,070	669,457
Reportable segment profit	13,406	23,002	36,408	4,170	40,578
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

Unaudited  
Three months ended 30th September 2008

	Continuing Operations		Total Continuing Operations	Discontinued Operations GMS	Total Group
	IT Products	IT Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	221,792	138,751	360,543	19,153	379,696
Intersegment revenue	2,790	7,279	10,069	-	10,069
Segment revenue	224,582	146,030	370,612	19,153	389,765
Reportable segment profit	4,830	12,639	17,469	2,565	20,034
Depreciation and amortisation	593	2,293	2,886	8,918	11,804
Additions to property, plant and equipment	296	360	656	291	947

Unaudited  
Six months ended 30th September 2008

	Continuing Operations		Total Continuing Operations	Discontinued Operations GMS	Total Group
	IT Products	IT Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	440,097	252,543	692,640	40,887	733,527
Intersegment revenue	6,077	17,060	23,137	-	23,137
Segment revenue	446,174	269,603	715,777	40,887	756,664
Reportable segment profit	19,252	21,985	41,237	5,091	46,328
Depreciation and amortisation	966	4,380	5,346	15,442	20,788
Additions to property, plant and equipment	662	1,953	2,615	4,347	6,962

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

	Continuing Operations		Total Continuing Operations	Discontinued Operations GMS	Total Group
	IT Products	IT Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

As at 30th September 2009

Reportable segment assets	258,626	128,961	387,587	-	387,587
Reportable segment liabilities	164,330	100,336	264,666	-	264,666

As at 31st March 2009

Reportable segment assets	202,872	106,965	309,837	63,590	373,427
Reportable segment liabilities	175,603	97,769	273,372	11,332	284,704

- (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. Taxation 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 taxation, excluding unallocated other income, share-based payment expense, share of results of associates, finance costs, result on disposal of property, plant and equipment, depreciation and amortisation for property, plant and equipment and intangible assets that are used for all segments, allowance on bad and doubtful debts and other corporate expenses (mainly including staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, amounts due from fellow subsidiaries, restricted cash, bank balances and cash and unallocated corporate assets (mainly including property, plant and equipment, investment properties and intangible assets that are used for all segments, prepayments and deposits).

Reportable segment liabilities exclude tax liabilities, deferred taxation, amounts due to fellow subsidiaries, ultimate holding company and associate and unallocated corporate liabilities (mainly including 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 Three months ended 30th September 2009		Unaudited Six months ended 30th September 2009	
	HK\$'000	2008 HK\$'000	HK\$'000	2008 HK\$'000
Reportable segment revenue from continuing operations	340,583	370,612	639,387	715,777
Elimination of intersegment revenue	(9,954)	(10,069)	(21,647)	(23,137)
Revenue from continuing operations per condensed consolidated income statement	<u>330,629</u>	<u>360,543</u>	<u>617,740</u>	<u>692,640</u>

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

Profit	Unaudited Three months ended 30th September 2009		Unaudited Six months ended 30th September 2009	
	HK\$'000	2008 HK\$'000	HK\$'000	2008 HK\$'000
Reportable segment profit from continuing operations	17,451	17,469	36,408	41,237
Unallocated amounts:				
Unallocated other income	1,122	2,170	2,321	4,227
Unallocated finance costs	-	(2)	-	(3)
Unallocated loss on disposal of property, plant and equipment	(2)	(9)	-	(16)
Share-based payment expenses	(264)	(229)	(361)	(559)
Share of results of associates	257	343	416	542
Unallocated corporate expenses	(13,181)	(11,145)	(25,681)	(23,887)
Profit before taxation from continuing operations per condensed consolidated income statement	<u>5,383</u>	<u>8,597</u>	<u>13,103</u>	<u>21,541</u>

Assets	Unaudited 30th September 2009		Audited 31st March 2009
	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets			373,427
Unallocated assets:			
Interests in associates		1,796	1,381
Unallocated restricted cash		23,633	-
Unallocated bank balances and cash		145,514	385,953
Unallocated corporate assets		115,456	122,801
Total assets per condensed consolidated balance sheet		<u>673,986</u>	<u>883,562</u>

<b>Liabilities</b>	<b>Unaudited 30th September 2009 HK\$'000</b>	<b>Audited 31st March 2009 HK\$'000</b>
Reportable segment liabilities	264,666	284,704
Unallocated liabilities:		
Current tax liabilities	11,102	5,776
Deferred tax liabilities	8,128	14,571
Unallocated corporate liabilities	<u>35,388</u>	<u>47,015</u>
Total liabilities per condensed consolidated balance sheet	<u><u>319,284</u></u>	<u><u>352,066</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>2009 HK\$'000</b>	<b>2008 HK\$'000</b>	<b>2009 HK\$'000</b>	<b>2008 HK\$'000</b>
Hong Kong	300,639	311,992	548,944	605,369
Guangzhou	4,370	1,252	12,039	7,129
Macau	10,846	8,877	31,540	24,285
Taiwan	7,788	30,296	11,388	38,766
Thailand	<u>6,986</u>	<u>8,126</u>	<u>13,829</u>	<u>17,091</u>
	<u><u>330,629</u></u>	<u><u>360,543</u></u>	<u><u>617,740</u></u>	<u><u>692,640</u></u>

<b>Place of domicile</b>	<b>Non-current assets</b>	
	<b>Unaudited 30th September 2009 HK\$'000</b>	<b>Audited 31st March 2009 HK\$'000</b>
Hong Kong	123,993	173,700
Guangzhou	375	381
Macau	3,050	2,816
Taiwan	331	616
Thailand	<u>1,016</u>	<u>1,270</u>
	<u><u>128,765</u></u>	<u><u>178,783</u></u>

#### 4. Other Income

	<b>Unaudited Three months ended 30th September</b>		<b>Unaudited Six months ended 30th September</b>	
	<b>2009 HK\$'000</b>	<b>2008 HK\$'000</b>	<b>2009 HK\$'000</b>	<b>2008 HK\$'000</b>
Interest on bank deposits	207	1,254	518	2,303
Equipment rental income	845	864	1,727	1,727
Miscellaneous	<u>489</u>	<u>183</u>	<u>495</u>	<u>354</u>
	<u><u>1,541</u></u>	<u><u>2,301</u></u>	<u><u>2,740</u></u>	<u><u>4,384</u></u>



## 5. Finance Costs

The amount represents interest on borrowings wholly repaid during the six months ended 30th September 2008.

## 6. Profit Before Income Tax

	Unaudited		Unaudited	
	Three months ended 30th September		Six months ended 30th September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation has been arrived after charging:				
Depreciation and amortisation				
Property, plant and equipment	4,741	4,678	8,675	8,951
Intangible assets (included in costs of services rendered)	119	346	241	512
Loss on disposal of property, plant and equipment	35	9	33	16
Share-based payment expense	264	229	361	559

## 7. Income Tax Expense

	Unaudited		Unaudited	
	Three months ended 30th September		Six months ended 30th September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge / (credit) comprises:				
Current income tax:				
Hong Kong Profits Tax	2,051	4,833	3,353	6,959
Overseas taxation	16	538	90	603
Deferred income tax:				
Attributable to change in tax rate	-	(138)	-	(138)
Current period	(19)	(4,781)	(44)	(4,781)
Income tax attributable to the Group	2,048	452	3,399	2,643

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30th September 2008: 16.5%) of the estimated assessable profits derived from Hong Kong for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 8. Profit from Discontinued Operations

On 24th April 2009, Computer Sciences Corporation ("CSC"), the then 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 the 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 then 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 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 ("Teamsun") and the Company ("Joint Announcements") and the Company's circular dated 30th June 2009 (the "Circular") and announcement dated 17th July 2009.

The results of the GMS business are presented in the condensed interim financial information as discontinued operations. Financial information relating to the GMS business for the period to the date of Disposal is set out below. Comparative figures have been restated.

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	10,542	19,153	30,070	40,887
Expenses	(8,285)	(16,588)	(25,900)	(35,796)
Profit before taxation from discontinued operations	2,257	2,565	4,170	5,091
Taxation	(372)	(423)	(688)	(840)
Profit after taxation from discontinued operations	1,885	2,142	3,482	4,251
Pre-tax gain on disposal of the GMS business	69,116	-	69,116	-
Income tax	-	-	-	-
Post-tax gain on disposal of the GMS business	69,116	-	69,116	-
Profit from discontinued operations	71,001	2,142	72,598	4,251

#### 9. Dividends

The Directors did not recommend the payment of an interim dividend for the six months ended 30th September 2009 (six months ended 30th September 2008: 4.0 HK cents).

During the period, 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:

##### Earnings per share for profit attributable to the equity holders of the Company

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share	74,336	10,287	82,302	23,149
	Number of shares		Number of shares	
	2009 '000	2008 '000	2009 '000	2008 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	309,229	296,892	303,571	296,892
Effect of dilutive potential ordinary shares – Share options	243	1,298	1,088	1,298
Weighted average number of ordinary shares for the purpose of diluted earnings per share	309,472	298,190	304,659	298,190

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

	Unaudited Three months ended 30th September		Unaudited Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share	<u>3,335</u>	<u>8,145</u>	<u>9,704</u>	<u>18,898</u>
	Number of shares		Number of shares	
	2009 '000	2008 '000	2009 '000	2008 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>309,229</u>	296,892	<u>303,571</u>	296,892
Effect of dilutive potential ordinary shares – Share options	<u>243</u>	<u>1,298</u>	<u>1,088</u>	<u>1,298</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>309,472</u>	<u>298,190</u>	<u>304,659</u>	<u>298,190</u>

**11. Property, Plant and Equipment**

During the period, the Group spent approximately HK\$8,222,000 (six months ended 30th September 2008: HK\$7,974,000) 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\$442,000 (six months ended 30th September 2008: HK\$8,265,000), resulting in a loss of disposal of HK\$33,000 (six months ended 30th September 2008: HK\$16,000). In relation to the disposal of GMS business, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$38,780,000 (note 8).

At 30th September 2009, the Directors of the Company considered the carrying amount of the Group's leasehold land and buildings which are carried at revaluated amounts do not differ significantly from that which would be determined using fair values at the balance sheet date.

**12. 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.

At 30th September 2009 and 31st March 2009, the ageing analysis of the trade receivables were as follows:

	Unaudited 30th September 2009 HK\$'000	Audited 31st March 2009 HK\$'000
Not yet due	100,529	77,559
< 30 days	25,864	24,893
31 - 60 days	17,169	9,786
61 - 90 days	5,200	4,428
> 90 days	<u>12,914</u>	<u>9,648</u>
	<u>161,676</u>	<u>126,314</u>

**13. Other Receivables, Deposits and Prepayments**

	Unaudited 30th September 2009 HK\$'000	Audited 31st March 2009 HK\$'000
Other receivables, deposits and prepayments	27,539	19,374
Amounts due from fellow subsidiaries	-	5,487
	<u>27,539</u>	<u>24,861</u>

#### 14. Trade and Bills Payables

At 30th September 2009, the ageing analysis of the trade payables were as follows:

	<b>Unaudited 30th September 2009 HK\$'000</b>	<b>Audited 31st March 2009 HK\$'000</b>
Not yet due	74,754	96,245
< 30 days	47,502	46,312
31 - 60 days	12,041	5,751
61 - 90 days	1,178	1,283
> 90 days	10,903	1,908
	<b>146,378</b>	<b>151,499</b>

#### 15. Other Payables and Accruals

	<b>Unaudited 30th September 2009 HK\$'000</b>	<b>Audited 31st March 2009 HK\$'000</b>
Other payables and accruals	43,143	32,105
Amount due to ultimate holding company	-	16,874
Amounts due to fellow subsidiaries	-	9,160
Amount due to an associate	1,581	710
	<b>44,724</b>	<b>58,849</b>

#### DIVIDEND

A special dividend of 92.0 HK cents per share was paid to shareholders on 10th September 2009. The Directors did not recommend the payment of an interim dividend for the six months ended 30th September 2009.

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Financial Results

For the first six months of FY10, the Group recorded revenue of HK\$617.7 million from the continuing operations, excluding the discontinued operations, which arose from the disposal of GMS business. The above mentioned revenue is lower by HK\$74.9 million or 10.8% compared to the corresponding period in FY09. The Group recorded revenue of HK\$330.6 million from the continuing operations for the second quarter in FY10, which is lower by 8.3% compared to FY09.

The Product sales and service revenue from continuing operations of the Group for the first six months decreased by 15.8% and 2.1% against the figure of FY09 to HK\$370.4 million and HK\$247.3 million. Product sales and service revenue contributed 60.0% and 40.0% to total revenue from continuing operations respectively. Commercial and public sector sales during the first six months of FY10 contributed 46.8% and 53.2% to revenue from continuing operations respectively as compared to 55.8% and 44.2% in FY09. The decrease in revenue was mainly attributed by the decrease in product sales in the commercial sector.

For the first six months of FY10, the Group recorded a profit of HK\$82.3 million, which is HK\$59.2 million higher as compared to the corresponding period in FY09. Profit before taxation from continuing operations for the first half of FY10 was HK\$13.1 million decreased by 39.2% compared to the corresponding period in FY09. The main factor was the decrease in product sales while maintaining a slight growth of contribution from services. Service profit from continuing operations of the Group for the first half of FY10 increased 4.6% compared to the corresponding period of FY09.

The profit before and after taxation of the discontinued operations for the period ended 30th September 2009 was HK\$4.2 million and HK\$3.5 million respectively, compared to HK\$5.1 million and HK\$4.3 million of the corresponding period last year. The post-tax gain on disposal from the GMS business was HK\$69.1 million.

As of 30th September 2009, the order book balance was approximately HK\$554.0 million. After the payment of

special dividend of HK\$0.92 per share (the “Special Dividend”) of approximately HK\$286.5 million, the net cash of the Group is approximately HK\$169.1 million and the Group’s working capital ratio stood at 1.75:1. The Group continues to enjoy a healthy balance and there was no debt during this period.

## Business Review

Major tenders and contracts secured during the second quarter of FY10:

### Hong Kong

Infrastructure Business	A government department	A multi-million dollar tender for the provision of IT infrastructure to enhance a web-based procurement system
	A telecommunication services provider	A multi-million dollar deal for the supply of servers and storage products to upgrade its 3G mobile services
	A leading Hong-Kong based international bank	A multi-million dollar project for the provision of enterprise servers with maintenance services
Solution Business	Hong Kong Housing Authority	Provision of voice recognition system
	A government department	Provision of e-form application system for better public services
Services Business	A government department	A multi-million dollar contract for the provision of resident IT maintenance and support service
	Chu Kong Shipping Enterprises (Holdings) Company Limited	Provision of on-site maintenance services for a ticketing system

### Overseas

PRC	Guangzhou Administration for Industry and Commerce Bureau Panyu Substation	Implementation of desktop virtualization solution with 3-year maintenance services
	A new serviced apartment of a leading global corporation	Provision of an integrated hospitality solution
Macau	A government department	Provision of IT infrastructure for server consolidation and backup upgrade
	A government department	Provision of IT infrastructure for server consolidation
Thailand	Bank For Agriculture And Agricultural Co-Operatives	A multi-million dollar contract for the provision of 1,000 units of desktop computers with 3-year maintenance services
	Bangkok Commercial Asset Management Co., Ltd.	Provision of storage products
Taiwan	A Taiwan-listed multi-national IT company	Provision of servers, storage and software products for server virtualization and storage consolidation
	A Taiwan-listed transportation company	Provision of IT infrastructure with 3-year maintenance services for the set up of a new container system

As shown in the table above, the Group continued to receive sizable and long-term services contracts from customers, particularly from government and statutory bodies. The IT infrastructure business continued to contribute to the Group satisfactorily. The solution business is growing steadily with our continuing efforts to promote tailor-made solutions to maximise customers' value. The stable performance of the service business also provided a solid foundation for this quarter's achievement.

Apart from the above listed projects, we are pleased to announce that Automated Systems (H.K.) Limited, one of our subsidiaries in Hong Kong, was awarded an over HK\$50 million contract from the Hong Kong Examinations and Assessment Authority ("HKEAA") to provide certain professional services, hardware and software for the development of the Hong Kong Diploma of Secondary Education (HKDSE) Examination System. Significant additional income will be generated from this contract if we are able to secure the upcoming maintenance services contracts upon system completion.

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

Reference is made to the Joint Announcements and the Circulars, joint announcements dated 29th September 2009 and 20th October 2009 and circular dated 29th September 2009 made by the Company and Teamsun, and the Company's announcement dated 17th July 2009. Capitalised terms used in the section shall have the same meanings as those in the above announcements and circulars unless otherwise defined. On 24th April 2009, the Company was informed by CSA Holdings Ltd. and CSC Computer Sciences International Inc. (collectively the "Vendors") that the Vendors entered into a Share Purchase Agreement with Teamsun, pursuant to which Vendors had conditionally agreed to sell their entire holding of 203,431,896 shares (the "Sale Shares") in the Company and Teamsun had conditionally agreed to purchase the Sale Shares for cash consideration of approximately HK\$262.4 million (equivalent to HK\$1.29 per Sale Share). The Share Purchase Agreement is conditional upon the fulfillment of certain conditions including the payment of the Special Dividend.

The Group also entered into the GAC Special Deal Agreements, which together with the Special Dividend were approved in a special general meeting of the Company on 17th July 2009. The Global Account Transfer Agreement forming part of GAC Special Deal Agreements was completed on 28th August 2009. The Share Purchase Agreement was completed on 23rd September 2009.

Teamsun issued an unconditional mandatory cash offer for all the issued shares in the Company (other than those already owned by or agreed to be acquired by Teamsun and parties acting in concert with it) (the "General Offer") and to cancel all outstanding options of the Company (the "Option Offer"). The General Offer and the Option Offer were closed on 20th October 2009. Upon the closing of the General Offer, Teamsun held 203,532,996 shares of the Company, representing approximately 65.4% of the issued share capital of the Company as at 20th October 2009.

### **Outlook and Prospect**

The strategy of the Company will continue to focus on cross-territories business. The strong support network and vast coverage of Teamsun in China together with the solid foundation and broad client base of the Company provide an advantage to the Company in developing cross-territories business in China.

The Company sees numerous opportunities in China through creating synergy with Teamsun to pursue the Mainland China's untapped potential. In October 2009, by leveraging the local resources, technical competitive advantages and capability of Teamsun, the Group and Teamsun together secured an over a million dollar deal to implement a networking system for a whole office tower in Shanghai for one of the largest independent local banks in Hong Kong. Such first-of-its-kind joint project has demonstrated the potential of cross-territories business and the needs for tightening business relationship with leading technology vendors.

Besides providing support to our existing clients in their expansion in the Mainland China, the Group also intends to provide support to new clients in the Mainland China for their expansion to nearby regions.

Apart from focusing in cross-territories business, the Company will continue to provide quality service to customers in Hong Kong and the South-east Asia region. In particular, one of our subsidiaries in Hong Kong, Automated Systems (H.K.) Limited, was awarded a 36-month tender for the provision of Hardware Maintenance Services of NT Servers, Personal Computers, Printers and Related Peripherals to the Hospital Authority (Category A), effective from 1st October 2009 and has an value of approximately HK\$20 million.

The growing sign of the economy in Greater China region and partnering of Teamsun have posted a positive impact on the Company's performance. The Company will continue to maintain effective costs structure by maximising utility from existing resources.

### **Financial Resources and Liquidity**

As at 30th September 2009, the Group's total assets of HK\$674.0 million were financed by current liabilities of HK\$311.1 million, non-current liabilities of HK\$8.2 million and shareholders' equity of HK\$354.7 million. The Group had a working capital ratio of approximately 1.75:1.

As at 30th September 2009, the Group had nil aggregate composite banking facilities from banks (31st March 2009: HK\$25.5 million). The Group's gearing ratio was zero (31st March 2009: zero) as at 30th September 2009.

### **Treasury Policies**

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

### **Foreign Exchange Exposure**

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the six-month period ended 30th September 2009.

### **Contingent Liabilities**

Margin held to banks as security for banking facilities amounted to approximately HK\$23.6 million. The performance bond issued by the Group to customers as security of contract was approximately HK\$23.6 million as at 30th September 2009. Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$51.5 million as at 30th September 2009. The amount utilised against goods supplied as at 30th September 2009 which was secured by the corporate guarantee amounted to approximately HK\$1.8 million.

### **Employee and Remuneration Policies**

As at 30th September 2009, the Group, excluding its associates, employed 1,465 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.

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

During the six months ended 30th September 2009, 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 2009, 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 2009 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**  
*Managing Director*

Hong Kong, 18th November 2009

*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. Wang Weihang, Mr. Hu Liankui and Mr. Chen Zhaohui being non-executive directors and Ms. Young Meng Ying, Mr. Lu Jiaqi, Ms. Xu Peng being independent non-executive directors.*