AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2012

RESULTS

The Board of Directors (the "Board") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2012. The condensed consolidated interim financial information has been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement

		Unaudited Three months ended 30th June		**Unaudited Six months ended 30th June**	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Revenue	3	**403,818**	338,607	**891,019**	761,142
Cost of goods sold		**(193,421)**	(159,181)	**(469,604)**	(412,786)
Cost of services rendered		**(157,495)**	(140,129)	**(312,787)**	(259,817)
Other income	4	**522**	908	**1,153**	1,778
Other loss, net	5	**(1,703)**	(34)	**(2,211)**	(620)
Selling expenses		**(22,537)**	(18,168)	**(43,536)**	(35,926)
Administrative expenses		**(18,485)**	(14,836)	**(38,012)**	(30,342)
Finance income	6	**415**	263	**718**	396
Finance costs		**(76)**	-	**(76)**	-
Share of results of associates		**83**	205	**228**	468
Profit before income tax		**11,121**	7,635	**26,892**	24,293
Income tax expense	8	**(2,616)**	(2,124)	**(4,949)**	(5,509)
Profit for the period attributable to equity holders of the Company		**8,505**	5,511	**21,943**	18,784

Note: Certain comparative figures have been restated to conform to current period's presentation.

Condensed Consolidated Income Statement (Cont'd)

		Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
		2012	2011	**2012**	2011
	Notes	***HK cents***	*HK cents*	***HK cents***	*HK cents*
Earnings per share attributable to equity holders of the Company	10				
Basic and diluted earnings per share		**2.73**	1.77	**7.05**	6.03

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period	**8,505**	5,511	**21,943**	18,784
Other comprehensive income:				
Exchange differences on translation of overseas operations	**(1,293)**	231	**312**	295
Total comprehensive income for the period attributable to equity holders of the Company	**7,212**	5,742	**22,255**	19,079

Condensed Consolidated Balance Sheet

	Notes	**Unaudited As at 30th June 2012** *HK$'000*	Audited As at 31st December 2011 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	11	**171,180**	176,912
Investment properties	12	**28,700**	28,700
Intangible assets	13	**11,528**	10,593
Goodwill		**34,682**	34,213
Interests in associates		**546**	1,287
Trade receivables	14	**1,823**	1,729
Finance lease receivables		**28,602**	16,013
Long-term bank deposit	16	**12**	155
Restricted bank deposits	16	**50**	498
Deferred income tax assets		**1,399**	1,001
		278,522	271,101
CURRENT ASSETS			
Inventories		**99,378**	100,658
Trade receivables	14	**166,967**	206,953
Finance lease receivables		**17,109**	6,724
Other receivables, deposits and prepayments	15	**38,487**	23,645
Amounts due from customers for contract work		**200,626**	190,615
Tax recoverable		**583**	785
Restricted bank deposits	16	**4,356**	362
Short-term bank deposit	16	**144**	-
Cash and cash equivalents	16	**144,704**	108,404
		672,354	638,146
TOTAL ASSETS		**950,876**	909,247
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**31,140**	31,140
Share premium		**104,947**	104,947
Reserves		**377,254**	371,540
TOTAL EQUITY		**513,341**	507,627
NON-CURRENT LIABILITIES			
Trade payables	17	**3,143**	-
Contingent consideration payable		**12,572**	9,211
Deferred income tax liabilities		**23,045**	23,385
		38,760	32,596
CURRENT LIABILITIES			
Trade payables	17	**205,652**	200,432
Other payables and accruals	18	**47,688**	44,212
Receipts in advance		**137,792**	114,462
Current income tax liabilities		**7,643**	5,644
Contingent consideration payable		**-**	4,274
		398,775	369,024
TOTAL LIABILITIES		**437,535**	401,620
TOTAL EQUITY AND LIABILITIES		**950,876**	909,247
NET CURRENT ASSETS		**273,579**	269,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**552,101**	540,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30th June 2012 has been prepared in accordance with the applicable disclosure requirement 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 consolidated financial statements of the Group for the year ended 31st December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. Principal Accounting Policies

The accounting policies applied in these condensed consolidated interim financial information are consistent with those of the financial statements for the year ended 31st December 2011, as described in those financial statements.

3. Revenue and Segment Information

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

	Unaudited Three months ended 30th June		**Unaudited Six months ended 30th June**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sales of goods	**215,678**	177,008	**523,929**	460,469
Revenue from service contracts	**188,140**	161,599	**367,090**	300,673
	403,818	338,607	**891,019**	761,142

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 (six months ended 30th June 2011: two) operating divisions - Information Technology Products ("IT Products") and Information Technology Services ("IT Services"). 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.

IT Services
Being the business of information technology in providing systems integration, software and consulting services, engineering support for products and solutions and managed services.

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

Unaudited
Three months ended 30th June 2012

	IT Products	IT Services	Total Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	**215,678**	**188,140**	**403,818**
Intersegment revenue	**5,137**	**8,879**	**14,016**
Segment revenue	**220,815**	**197,019**	**417,834**
Reportable segment profit	**5,123**	**25,462**	**30,585**
Segment depreciation	**601**	**2,564**	**3,165**
Segment amortisation	**-**	**672**	**672**
Additions to property, plant and equipment	**78**	**1,407**	**1,485**
Additions to intangible assets	**-**	**2,129**	**2,129**

Unaudited
Six months ended 30th June 2012

	IT Products	IT Services	Total Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	**523,929**	**367,090**	**891,019**
Intersegment revenue	**8,225**	**15,425**	**23,650**
Segment revenue	**532,154**	**382,515**	**914,669**
Reportable segment profit	**17,160**	**48,485**	**65,645**
Segment depreciation	**1,082**	**5,202**	**6,284**
Segment amortisation	**-**	**1,257**	**1,257**
Additions to property, plant and equipment	**96**	**2,643**	**2,739**
Additions to intangible assets	**-**	**2,129**	**2,129**

Unaudited
Three months ended 30th June 2011

	IT Products	IT Services	Total Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	177,008	161,599	338,607
Intersegment revenue	2,921	8,795	11,716
Segment revenue	179,929	170,394	350,323
Reportable segment profit	8,149	12,292	20,441
Segment depreciation	684	2,200	2,884
Segment amortisation	-	883	883
Additions to property, plant and equipment	110	1,991	2,101

Unaudited
Six months ended 30th June 2011

	IT Products	IT Services	Total Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	460,469	300,673	761,142
Intersegment revenue	9,630	16,748	26,378
Segment revenue	470,099	317,421	787,520
Reportable segment profit	21,433	30,148	51,581
Segment depreciation	1,262	4,469	5,731
Segment amortisation	-	883	883
Additions to property, plant and equipment	615	3,171	3,786
Additions to intangible assets	-	12,035	12,035
Additions to goodwill	-	32,920	32,920

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

Unaudited As at 30th June 2012	**IT Products**	**IT Services**	**Total Group**
	HK$'000	***HK$'000***	***HK$'000***
Reportable segment assets	**258,605**	**329,922**	**588,527**
Reportable segment liabilities	**194,436**	**166,791**	**361,227**
Audited As at 31st December 2011			
Reportable segment assets	287,972	306,393	594,365
Reportable segment liabilities	182,163	144,721	326,884

(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 share of results of associates, unallocated other income, unallocated other gain/(loss), net, unallocated depreciation for property, plant and equipment that are used for all segments, unallocated finance costs and other corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, deferred income tax assets, restricted bank deposits, cash and cash equivalents, short-term bank deposit, long-term bank deposit 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).

Additions to non-current assets comprise additions to property, plant and equipment and intangible assets.

(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 June**		**Unaudited Six months ended 30th June**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**417,834**	350,323	**914,669**	787,520
Elimination of intersegment revenue	**(14,016)**	(11,716)	**(23,650)**	(26,378)
Revenue per condensed consolidated income statement	**403,818**	338,607	**891,019**	761,142

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

Profit or Loss	**Unaudited Three months ended 30th June**		**Unaudited Six months ended 30th June**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Reportable segment profit	**30,585**	20,441	**65,645**	51,581
Unallocated amounts:				
Unallocated other income	**520**	896	**1,060**	1,766
Unallocated other (loss)/gain, net	**(1,506)**	48	**(1,953)**	(60)
Unallocated depreciation	**(1,491)**	(1,336)	**(2,989)**	(2,592)
Share of results of associates	**83**	205	**228**	468
Unallocated finance costs	**(76)**	-	**(76)**	-
Unallocated corporate expenses	**(16,994)**	(12,619)	**(35,023)**	(26,870)
Profit before income tax per condensed consolidated income statement	**11,121**	7,635	**26,892**	24,293

Assets	**Unaudited 30th June 2012**	Audited 31st December 2011
	HK$'000	*HK$'000*
Reportable segment assets	**588,527**	594,365
Unallocated assets:		
Interests in associates	**546**	1,287
Deferred income tax assets	**1,399**	1,001
Unallocated restricted bank deposits	**4,406**	860
Unallocated cash and cash equivalents	**144,704**	108,404
Unallocated short-term bank deposit	**144**	-
Unallocated long-term bank deposit	**12**	155
Unallocated corporate assets	**211,138**	203,175
Total assets per condensed consolidated balance sheet	**950,876**	909,247

Liabilities	Unaudited 30th June 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Reportable segment liabilities	**361,227**	326,884
Unallocated liabilities:		
Current income tax liabilities	**7,643**	5,644
Deferred income tax liabilities	**23,045**	23,385
Unallocated corporate liabilities	**45,620**	45,707
Total liabilities per condensed consolidated balance sheet	**437,535**	401,620

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, Singapore, Taiwan and Thailand.

Place of domicile	Revenue from external customers Unaudited Three months ended 30th June		Revenue from external customers Unaudited Six months ended 30th June	
	2012 *HK$'000*	2011 *HK$'000*	**2012** *HK$'000*	2011 *HK$'000*
Hong Kong	**327,062**	291,269	**745,665**	682,684
Guangzhou	**2,750**	2,682	**10,155**	3,557
Macau	**15,803**	7,645	**27,447**	17,747
Singapore	**12,550**	4,914	**26,368**	5,363
Taiwan	**25,279**	11,711	**50,259**	22,757
Thailand	**19,732**	20,029	**30,009**	28,677
Other	**642**	357	**1,116**	357
	403,818	338,607	**891,019**	761,142

Place of domicile	Non-current assets Unaudited 30th June 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Hong Kong	**201,353**	207,230
Guangzhou	**488**	229
Macau	**2,149**	3,646
Singapore	**45,719**	44,311
Taiwan	**12,680**	579
Thailand	**16,055**	15,052
Other	**78**	54
	278,522	271,101

4. Other Income

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank deposits	**59**	94	**94**	203
Rental income from investment properties	**374**	374	**748**	748
Others	**89**	440	**311**	827
	522	908	**1,153**	1,778

5. Other Loss, Net

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Contingent consideration payable - Fair value loss	**(278)**	(477)	**(1,210)**	(477)
(Loss)/gain on disposal of property, plant and equipment	**(82)**	51	**(171)**	(14)
Net exchange (loss)/gain	**(1,194)**	392	**(1,083)**	(129)
Net fair value (loss)/gain on foreign forward contract	**(149)**	-	**253**	-
	(1,703)	(34)	**(2,211)**	(620)

6. Finance Income

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

7. Profit before Income Tax

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit before income tax has been arrived after charging/(crediting):				
Depreciation and amortisation				
Property, plant and equipment	**4,656**	4,220	**9,273**	8,323
Intangible assets	**672**	883	**1,257**	883
Loss/(Gain) on disposal of property, plant and equipment	**82**	(51)	**171**	14
Provision for impairment of trade receivables	-	5	-	188
Reversal of provision for impairment of trade receivables	-	-	**(180)**	-
Staff costs	**134,191**	117,225	**259,202**	210,652

8. Income Tax Expense

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current taxation:				
Hong Kong profits tax	**2,588**	2,412	**4,959**	4,948
Overseas taxation	**104**	65	**377**	339
Under/ (Over)-provision in prior period:				
Hong Kong profits tax	**392**	1	**392**	39
Overseas taxation	**(10)**	-	**(9)**	23
	3,074	2,478	**5,719**	5,349
Deferred taxation:				
Current period	**(458)**	(354)	**(770)**	160
Income tax expense	**2,616**	2,124	**4,949**	5,509

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June 2011: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

9. Dividends

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Dividend recognised as distribution during the period:				
Final dividend in respect of the year ended 31st December 2011 of 5.5 HK cents per share (nine months ended 31st December 2010 of 4.0 HK cents per share)	**17,127**	12,456	**17,127**	12,456

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2012 (six months ended 30th June 2011: Nil).

10. Earnings Per Share

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

	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**8,505**	5,511	**21,943**	18,784
	Number of shares		**Number of shares**	
	2012	2011	**2012**	2011
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**311,403**	311,403	**311,403**	311,403

On 19th March 2012 and 2nd May 2012, the Company has granted share options to certain eligible persons under the share option scheme of the Company adopted on 8th August 2002, to subscribe for a total of 6,900,000 and 6,755,000 ordinary shares of HK$0.10 each of the Company respectively.

Diluted earnings per share for the six months ended 30th June 2012 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

11. Property, Plant and Equipment

During the six months period ended 30th June 2012, the addition of property, plant and equipment was HK$3,763,000 (six months ended 30th June 2011: HK$5,130,000) mainly for computers and office equipment.

During the six months period ended 30th June 2012, the Group disposed of certain property, plant and equipment at the carrying amount of HK$223,000 (six months ended 30th June 2011: HK$111,000), resulting in a loss on disposal of HK$171,000 (six months ended 30th June 2011: HK$14,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2011 less depreciation. The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2011 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2012, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings did not differ significantly from their fair values.

If the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated interim financial information at historical cost, less accumulated depreciation of HK$51,464,000 (31st December 2011: HK$52,497,000).

The Group's interest in leasehold land represents finance lease payments held in Hong Kong with term within 50 years.

As at 30th June 2012, the Group has pledged leasehold land and buildings having a carrying amount of HK$147,789,000 (31st December 2011: HK$149,900,000) for banking facilities granted to the Group.

12. Investment Properties

The investment properties of the Group were last revalued at 31st December 2011 by DTZ Debenham Tie Leung Limited, an independent professional valuer, on the basis of open market value.

As at 30th June 2012, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts did not differ significantly from their fair values.

As at 30th June 2012, the Group has pledged investment properties having a carrying amount of HK$28,700,000 (31st December 2011: HK$28,700,000) for banking facilities granted to the Group.

13. Intangible Assets

Customer relationships, software technology and customer contracts

The acquired customer relationships, software technology and customer contracts in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation.

Deferred development costs

During the six months period ended 30th June 2012, the addition of deferred development costs were HK$2,129,000 (six months ended 30th June 2011: Nil) for clearly-defined projects that will be recovered through future commercial activity.

Club memberships

Club memberships with indefinite useful lives are stated at cost less any identified impairment loss and are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired.

14. Trade Receivables

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

	Unaudited 30th June 2012 ***HK$'000***	Audited 31st December 2011 *HK$'000*
Trade receivables	**168,790**	209,197
Less: provision for impairment of receivables	**-**	(515)
Trade receivables – net	**168,790**	208,682
Less: non-current portion of trade receivables	**(1,823)**	(1,729)
Current portion of trade receivables	**166,967**	206,953

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

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

	Unaudited 30th June 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Current	**109,615**	143,950
Within 30 days	**23,165**	28,702
31 – 60 days	**8,176**	15,567
61 – 90 days	**8,464**	7,493
Over 90 days	**19,370**	13,485
	168,790	209,197

15. Other Receivables, Deposits and Prepayments

	Unaudited 30th June 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Other receivables	**4,532**	2,614
Deposits	**6,013**	5,649
Prepayments	**26,320**	14,436
Amount due from the ultimate holding company	**649**	946
Amount due from an associate	**973**	-
	38,487	23,645

16. Long-term and Short-term Bank Deposit, Restricted Bank Deposits and Cash and Cash Equivalents

	Unaudited 30th June 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Cash at bank and on hand	**143,038**	100,244
Bank deposits	**1,666**	8,160
Cash and cash equivalents	**144,704**	108,404
Restricted bank deposits	**4,406**	860
Less Non-current portion	**(50)**	(498)
Current portion of restricted bank deposits	**4,356**	362
Short-term bank deposit	**144**	-
Long-term bank deposit	**12**	155

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

Short-term bank deposit represented fixed term deposit placed in commercial banks whose maturity date is over 3 months but less than 1 year.

Long-term bank deposit represented fixed term deposit placed in commercial banks whose maturity date is over 1 year.

17. Trade Payables

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

	Unaudited 30th June 2012 ***HK$'000***	Audited 31st December 2011 *HK$'000*
Current	**110,324**	114,313
Within 30 days	**65,388**	54,988
31 – 60 days	**19,111**	21,491
61 – 90 days	**4,318**	2,206
Over 90 days	**9,654**	7,434
	208,795	200,432

18. Other Payables and Accruals

	Unaudited 30th June 2012 ***HK$'000***	Audited 31st December 2011 *HK$'000*
Other payables and accruals	**45,707**	42,752
Amounts due to the immediate holding company	**46**	-
Amount due to associates	**1,935**	1,460
	47,688	44,212

19. Pledge of Assets

At 30th June 2012, the Group's leasehold land and buildings of HK$147,789,000 (31st December 2011: HK$149,900,000) and investment properties of HK$28,700,000 (31st December 2011: HK$28,700,000) were pledged to secure the banking facilities of the Group.

At 30th June 2012, the Group's restricted bank balances of HK$4,406,000 (31st December 2011: HK$860,000) were pledged to secure the banking facilities of the Group.

DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2012 (six months ended 30th June 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2012, the revenue of the Group was HK$891.0 million, higher by 17.1% compared to the same period last year. For the three months ended 30th June 2012, the revenue of the Group was HK$403.8 million, higher by 19.3% compared to the same period last year.

For the six months ended 30th June 2012, the product sales and service revenue were HK$523.9 million and HK$367.1 million, increasing by 13.8% and 22.1% respectively compared with the corresponding period last year. Product sales and service revenue contributed 58.8% and 41.2% to total revenue respectively, compared to 60.5% and 39.5% with the corresponding period last year. For the three months ended 30th June 2012, the product sales and service revenue were HK$215.7 million and HK$188.1 million, increasing by 21.8% and 16.4% respectively compared with the corresponding period last year.

For the six months ended 30th June 2012, commercial and public sector sales contributed 46.4% and 53.6% to revenue respectively, compared to 39.8% and 60.2% for the corresponding period in 2011. For the three months ended 30th June 2012, commercial and public sector sales contributed 49.1% and 50.9% to revenue respectively, compared to 46.6% and 53.4% for the corresponding period in 2011.

Gross profit margin and profit after income tax were 12.2% and HK$21.9 million for the first six months, higher by 0.6% and 16.8% respectively compared to the corresponding period last year. For the three months ended 30th June 2012, profit after income tax was HK$8.5 million, higher by 54.3% compared to the corresponding period last year. During the period under review, the increase in gross profit margin and profit after income tax was mainly attributable to the significant improvement in the gross profit margin of service business, especially that in solutions business, thereby partly offset the increase in operating costs.

During the six months ended 30th June 2012, orders newly secured by the Group amounted to approximately HK$937.0 million, representing an increase of 7.1% as compared with the corresponding period in 2011. As of 30th June 2012, the order book balance was approximately HK$754.2 million, an increase of HK$40.5 million compared to 31st December last year. The Group's net cash stood at approximately HK$144.7 million with a working capital ratio of 1.69:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

Business Review

For the six months ended 30th June 2012, the Group's business continued to grow, with revenue increasing 17.1% as compared to the period from January to June 2011.

During the period under review, the Group strived to provide application-related services to both public and commercial sectors. We customised various kinds of applications with related services to meet the diverse needs of regional markets.

In the public sector, the Group continued to play an important role in supporting the Hong Kong SAR Government in the adoption of IT services to improve its public services. In May 2012, the Group was selected as one of the Government's Public Cloud Service Providers. In addition, we were awarded a number of major orders from the Government to provide applications and a cloud-enabled platform for several government departments. These orders served as a solid foundation for us to capture future government projects.

In the commercial sector, the Group also embarked on developing a turnkey solution for a large retail group in Hong Kong, transforming their traditional queuing system into a digital marketing system which includes a key feature that allows customers to reserve seats online through various mobile devices, such as iPhones and Android handsets. This project exemplified our capability to customise existing popular IT solutions, such as mobility solutions and our knowledge of the field to accommodate industry-specific needs.

The Group also achieved remarkable results in capturing surging regional demand for data centers, and gained traction where relevant needs arising from managed services and infrastructure for IT services are concerned. In addition to our earlier success in winning orders in Hong Kong, Macau and Thailand, the Group has expanded its managed services work portfolio to the mainland by securing several contracts from our customers in the entertainment, transportation and financial sectors to take part in setting up a data center to support their cross-territories business and development in mainland.

Being vendor-neutral, the Group has been able to seize upon the ample opportunities generated by the demand for various kinds of solutions, such as security and business intelligence, by offering a wide range of IT and associated products. Driven by rising awareness and stringent IT security requirements and demands among commercial and public organisations, the Group secured orders from a top 10 bank in Hong Kong to enhance its Internet banking services, as well as from a financial institution which provides credit card information services to all banks in Taiwan. We are also actively involved in discussions with customers in the transportation sector to satisfy their IT requirements for managing and analysing huge volumes of data.

It is worth mentioning the Group's performance in infrastructure services. The Group demonstrated its regional service capabilities by securing an infrastructure services project from an international clothing company which covered 7 countries in the Asia-Pacific region and 3 cities in mainland China.

The promotion of Intellectual Property (IP)-based products achieved encouraging results during the first half of 2012. Following the introduction into organisations in Hong Kong in 2011 of a Geographical Information System (GIS) product by Beijing Teamsun Technology Co., Ltd. ("Teamsun"), the Group's ultimate holding company, the Group also achieved its first-of-its-kind success in customising the Teamsun system monitoring tool in Taiwan by offering Wonderland Nurserygoods Co. Ltd., the world's largest original design manufacturer of nursery products, a system monitoring solution for its operations in Dongguan and Taipei. We are keen to closely monitor any potential business opportunities by working closely with Teamsun in order to replicate our success in other regions with similar strategy.

Outlook & Prospects

The Group will continue to focus on providing the high value-added services demanded by its customers. We will turn our industry-specific knowledge into IP-based products by making further investments in research & development. We will also continue to develop more localised products by leveraging i-Sprint Innovations Pte. Ltd. ("i-Sprint") and collaborate closely with Teamsun. Our aim is to continue to build up a wide portfolio of self-owned products, such as the human resources management systems being deployed in the Government and other IP-based products for retail, education and the property sector, making these self-owned products compatible with cloud computing and suitable for use in various industries.

The Group also plans to further invest in its data center business in Greater China. The success of our data center service will be based on the availability of IT infrastructure, the proven process in managed services, security management and a track record for delivering excellent IT services. By capitalising on the above capabilities, we expect that this service will strengthen our competitive edge in serving our customers.

The Group will continue to focus on solutions that can move up its value chain. With a particular surge being observed in regional demand for security, the Group launched its Security Operation Center in April this year to strengthen our competitive edge in this market. Based on our on-going achievements, we will actively explore new security opportunities by enhancing our security portfolios and bundling them together with our other service offerings, such as data center services.

The Group expects the development of cloud computing to be growing rapidly. To capitalise on these burgeoning trends, the Group has positioned itself as a trusted technology advisor and enabler of customers' cloud strategies. We will focus in particular on helping customers to define their IT strategy, design and build the platform that meets their business needs. We will strive to provide high-valued services to customers by providing them with professional consultancy services and setting up private cloud solutions.

Considering the challenge of a shortage in IT professionals, the Group will utilise its ISO-certified Outsourcing Delivery Excellence Center in Zhuhai, which has a group of well-trained and experienced application development professionals to ensure the level of the Group's services. Furthermore, we will continue to work closely in partnership with local universities to create a wealth of highly talented IT professionals who can meet our operational needs.

Looking ahead, we will train up our talent by increasing our training budget to maintain our competitive edge, as we are in a service-oriented business which greatly relies on high-quality individuals. We will seek to further enhance our service quality by ensuring that our work is up to international standards, and by doing so, be able to attain the highest possible levels of customer satisfaction. Lastly, we will continue to implement cost-effective measures, and fully utilise the Group's and Teamsun's capabilities. With the above initiatives in place, we remain optimistic of our business prospects.

Financial Resources and Liquidity

As at 30th June 2012, the Group's total assets of HK$950.9 million were financed by current liabilities of HK$398.8 million, non-current liabilities of HK$38.8 million and shareholders' equity of HK$513.3 million. The Group had a working capital ratio of approximately 1.69:1.

As at 30th June 2012, the Group had an aggregate composite banking facility from banks of approximately HK$114.4 million (31st December 2011: HK$110.9 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK$176.5 million (31st December 2011: HK$178.6 million) and restricted bank deposits of approximately HK$4.4 million (31st December 2011: HK$0.9 million) for banking facilities and performance bonds granted to the Group respectively. The performance bonds issued by the Group to customers as security of contracts were approximately HK$37.2 million as at 30th June 2012 (31st December 2011: HK$32.2 million). The Group's gearing ratio was zero as at 30th June 2012 (31st December 2011: zero).

Treasury Policies

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

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the six months ended 30th June 2012 (six months ended 30th June 2011: Same).

After the acquisition of i-Sprint, the Group is exposed to foreign exchange risk arising from Singapore dollar ("SGD"). Foreign exchange risk arises from recognised assets and liabilities. As at 30th June 2012, if SGD had weakened/strengthened by 5% against the HKD with all other variables held constant, profit for the period would have been approximately HK$629,000 higher/lower, mainly a result of the foreign exchange difference on translation of SGD denominated liabilities (six months ended 30th June 2011: HK$732,000).

To manage the foreign currency risk arising from SGD, the Group had entered into a forward exchange contract. A net gain of HK$253,000 (six months ended 30th June 2011: Nil) was recognised in the Group's condensed consolidated income statement.

Contingent Liabilities

As at 30th June 2012, bank deposits held as security for banking facilities amounted to approximately HK$4.4 million (31st December 2011: HK$0.9 million). At 30th June 2012, performance bonds of HK$37.2 million (31st December 2011: HK$32.2 million) have 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$44.5 million as at 30th June 2012 (31st December 2011: HK$44.6 million). The amount utilised against goods supplied as at 30th June 2012 which was secured by the corporate guarantee was approximately HK$2.8 million (31st December 2011: HK$1.2 million).

Capital Commitment

As at 30th June 2012, the contracted capital commitments of the Group were HK$0.5 million (31st December 2011: HK$0.4 million).

Employee and Remuneration Policies

As at 30th June 2012, the Group, excluding its associates, employed 1,773 permanent and contract staff in Hong Kong, mainland China, Taiwan, Macau, Thailand, Singapore and Malaysia. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share options scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June 2012, 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 June 2012, 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 (formerly set out in Appendix 14 to the Listing Rules) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1st April 2012) set out in Appendix 14 of the Listing Rules throughout the accounting period for the six months ended 30th June 2012, except as noted below:

(a) with respect to Code A.4.1, all Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws; and

(b) with respect to Code D.1.4, the Company did not have formal letters of appointment for all Non-Executive Directors. However, the terms of references have set out the work scope of the Board's committees and delegation were made by the Board in respect of the responsibilities of the Non-Executive Directors in such Board's committees.

By Order of the Board
Hui Wing Choy, Henry
Chief Executive Officer

Hong Kong, 22nd August 2012

As at the date hereof, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Hui Wing Choy, Henry, Mr. Leung Tat Kwong, Simon and Mr. Lau Ming Chi, Edward being Executive Directors, Mr. Hu Liankui, Mr. Wang Weihang and Ms. Zou Zhiying being Non-Executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.