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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2012

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board of Directors of Automated Systems Holdings Limited are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the three months ended 31st March 2012.

RESULTS

This announcement is made pursuant to the disclosure obligation under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board of Directors (the "Board") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group" or "ASL") for the three months ended 31st March 2012. The condensed consolidated first quarterly financial information has been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement

		Unaudited Three months ended 31st March	
		2012	2011
	Note	***HK$'000***	*HK$'000*
			(Restated)
Revenue	2	**487,201**	422,535
Cost of goods sold		**(276,183)**	(253,605)
Cost of services rendered		**(155,292)**	(119,688)
Other income	3	**631**	870
Other loss, net	4	**(508)**	(586)
Selling expenses		**(20,999)**	(17,758)
Administrative expenses		**(19,527)**	(15,506)
Finance income	5	**303**	133
Share of results of associates		**145**	263
Profit before income tax		**15,771**	16,658
Income tax expense	7	**(2,333)**	(3,385)
Profit for the period attributable to equity holders of the Company		**13,438**	13,273

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

Condensed Consolidated Income Statement (Cont'd)

		Unaudited Three months ended 31st March	
		2012	2011
	Note	***HK cents***	*HK cents*
Earnings per share attributable to equity holders of the Company	8		
Basic and diluted earnings per share		**4.32**	4.26

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
Profit for the period	**13,438**	13,273
Other comprehensive income:		
Exchange differences on translation of overseas operations	**1,605**	64
Total comprehensive income for the period attributable to equity holders of the Company	**15,043**	13,337

Condensed Consolidated Balance Sheet

	Note	**Unaudited 31st March 2012** *HK$'000*	Audited 31st December 2011 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**173,727**	176,912
Investment properties	10	**28,700**	28,700
Intangible assets	11	**10,307**	10,593
Goodwill	11	**35,280**	34,213
Interests in associates		**1,435**	1,287
Finance lease receivables		**25,928**	16,013
Trade receivables	12	**1,588**	1,729
Long-term bank deposit	14	**159**	155
Restricted bank deposits	14	**58**	498
Deferred income tax assets		**1,186**	1,001
		278,368	271,101
CURRENT ASSETS			
Inventories		**111,330**	100,658
Trade receivables	12	**166,731**	206,953
Finance lease receivables		**15,035**	6,724
Other receivables, deposits and prepayments	13	**29,342**	23,645
Amounts due from customers for contract work		**184,291**	190,615
Tax recoverable		**978**	785
Restricted bank deposits	14	**968**	362
Cash and cash equivalents	14	**263,636**	108,404
		772,311	638,146
TOTAL ASSETS		**1,050,679**	909,247
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**31,140**	31,140
Share premium		**104,947**	104,947
Reserves		**386,627**	371,540
TOTAL EQUITY		**522,714**	507,627
NON-CURRENT LIABILITIES			
Contingent consideration payable	11	**9,848**	9,211
Deferred income tax liabilities		**23,308**	23,385
		33,156	32,596
CURRENT LIABILITIES			
Trade payables	15	**261,265**	200,432
Other payables and accruals	16	**46,817**	44,212
Receipts in advance		**177,085**	114,462
Current income tax liabilities		**5,073**	5,644
Contingent consideration payable	11	**4,569**	4,274
		494,809	369,024
TOTAL LIABILITIES		**527,965**	401,620
TOTAL EQUITY AND LIABILITIES		**1,050,679**	909,247
NET CURRENT ASSETS		**277,502**	269,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**555,870**	540,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

The accounting policies and basis of preparation used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2011.

2. Revenue

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

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**308,251**	283,461
Revenue from service contracts	**178,950**	139,074
	487,201	422,535

3. Other Income

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank deposits	**35**	109
Rental income from investment properties	**374**	374
Others	**222**	387
	631	870

4. Other Loss, Net

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Contingent consideration payable - Fair value loss	**(932)**	-
Loss on disposal of property, plant and equipment	**(89)**	(65)
Net exchange gain/(loss)	**111**	(521)
Net fair value gain on foreign forward contract	**402**	-
	(508)	**(586)**

5. Finance Income

Finance income represents accretion of discount recognised upon initial recognition of loans and receivables to their fair value (three months ended 31st March 2011: Same).

6. Expenses by Nature

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit before income tax has been arrived at after charging/(crediting):		
Staff costs	**125,011**	93,427
Depreciation and amortisation:		
Property, plant and equipment	**4,617**	4,103
Intangible assets	**585**	-
Provision for impairment of trade receivables	**-**	183
Reversal of provision for impairment of trade Receivables	**(180)**	-

7. Income Tax Expense

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
Current taxation:		
Hong Kong profits tax	**2,371**	2,536
Overseas taxation	**273**	274
Under-provision in prior period:		
Hong Kong profits tax	**-**	38
Overseas taxation	**1**	23
	2,645	2,871
Deferred taxation:		
Current period	**(312)**	514
Income tax expense	**2,333**	3,385

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 31st March 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.

8. Earnings Per Share

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

	Unaudited Three months ended 31st March	
	2012	2011
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**13,438**	13,273

	Number of shares Three months ended 31st March	
	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**311,403**	311,403

On 19th March 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 ordinary shares of HK$0.10 each of the Company.

Diluted earnings per share for the three months ended 31st March 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.

9. Property, Plant and Equipment

During the three months ended 31st March 2012, the addition of property, plant and equipment, mainly for computers and office equipment, was approximately HK$1,520,000 (three months ended 31st March 2011: HK$2,868,000).

During the three months ended 31st March 2012, the Group disposed of certain property, plant and equipment at the carrying amount of HK$117,000 (three months ended 31st March 2011: HK$1,983,000), resulting in a loss on disposal of HK$89,000 (three months ended 31st March 2011: HK$65,000).

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, on the basis of market value. At 31st March 2012, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings does not differ significantly from their fair values.

As at 31st March 2012, if the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated financial statements at historical cost, less accumulated depreciation of approximately HK$51,980,000 (31st December 2011: HK$52,497,000).

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

As at 31st March 2012, the Group has pledged leasehold land and buildings having a carrying amount of approximately HK$148,844,000 (31st December 2011: HK$149,900,000) for banking facilities granted to the Group.

10. Investment Properties

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

At 31st March 2012, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revaluated amounts do not differ significantly from that would be determined using fair values at the balance sheet date.

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

11. Intangible Assets and Goodwill

On 28th March 2011, the Group acquired 100% of the share capital of i-Sprint Innovations Pte. Ltd. ("i-Sprint"). i-Sprint group is principally engaged in the business of developing, distributing, implementing and supporting technology risk management products. Depending on the upcoming financial performance of i-Sprint, the cash consideration for this acquisition may range from S$6,000,000 (equivalent to approximately HK$36,000,000) to S$7,900,000 (equivalent to approximately HK$47,400,000). Details of this acquisition were set out in the Company's announcements dated 28th March 2011 and 31st March 2011.

A goodwill of S$5,719,000 (equivalent to approximately HK$35,274,000), intangible assets of S$1,951,000 (equivalent to approximately HK$12,035,000), net tangible liabilities of S$195,000 (equivalent to approximately HK$1,203,000) and deferred income tax liabilities of S$332,000 (equivalent to approximately HK$2,046,000) were recognised in relation to this acquisition.

The goodwill arises from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-positioned business that is in operation in a competitive market. Other significant factors include synergies through accessing a highly skilled workforce and obtaining economies of scale.

The Group's competitive position in the information technology market is expected to be strengthened as the acquisition provides the opportunity for the Group to serve more clients with regional presence, especially those in the financial services sectors. Besides which, the addition of i-Sprint's products provides an opportunity for the Group to expand its credential in management solutions and to enrich the Group's existing security solutions offerings.

As at 31st March 2012, approximately S$5,150,000 (equivalent to approximately HK$31,801,000) of the acquisition costs had been settled and contingent consideration payable of S$2,337,000 (equivalent to approximately HK$14,417,000) was recognised in the condensed consolidated balance sheet for the remaining portion of the contingent consideration (31st December 2011: S$2,254,000 (equivalent to approximately HK$13,485,000)).

The fair value of the contingent consideration payable was estimated based on an assumed probability weighting in fulfilling the performance requirements, using a discount rate of 15.5%. During the three months ended 31st March 2012, fair value loss of HK$932,000 (three months ended 31st March 2011: Nil) was recognised in the profit or loss for the contingent consideration payable.

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.

	Unaudited 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Trade receivables	**168,555**	209,197
Less: provision for impairment of receivables	**(236)**	(515)
Trade receivables – net	**168,319**	208,682
Less: non-current portion of trade receivables	**(1,588)**	(1,729)
Current portion of trade receivables	**166,731**	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 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Current	**125,697**	143,950
Within 30 days	**17,761**	28,702
31 - 60 days	**6,608**	15,567
61 - 90 days	**8,224**	7,493
Over 90 days	**10,265**	13,485
	168,555	209,197

13. Other Receivables, Deposits and Prepayments

	Unaudited 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Other receivables	**4,431**	2,614
Deposits	**5,284**	5,649
Prepayments	**19,021**	14,436
Amount due from the ultimate holding company	**606**	946
	29,342	23,645

14. Long-Term Bank Deposit, Restricted Bank Deposits and Cash and Cash Equivalents

	Unaudited 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Cash at bank and on hand	**255,299**	100,244
Short-term bank deposits	**8,337**	8,160
Cash and cash equivalents	**263,636**	108,404
Restricted bank deposits	**1,026**	860
Less: Non-current portion	**(58)**	(498)
Current portion of restricted bank deposits	**968**	362
Long-term bank deposit	**159**	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.

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

15. Trade Payables

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

	Unaudited 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Current	**177,293**	114,313
Within 30 days	**63,431**	54,988
31 – 60 days	**9,743**	21,491
61 – 90 days	**3,546**	2,206
Over 90 days	**7,252**	7,434
	261,265	200,432

16. Other Payables and Accruals

	Unaudited 31st March 2012 *HK$'000*	Audited 31st December 2011 *HK$'000*
Other payables	**8,127**	8,217
Accruals	**37,772**	34,535
Amounts due to the immediate holding company	**17**	-
Amounts due to fellow subsidiaries	**16**	-
Amount due to an associate	**885**	1,460
	46,817	44,212

17. Pledge of Assets

At 31st March 2012, the Group's leasehold land and buildings of approximately HK$148,844,000 (31st December 2011: HK$149,900,000) and investment properties of approximately HK$28,700,000 (31st December 2011: HK$28,700,000) were pledged to secure the banking facilities of the Group.

At 31st March 2012, the Group's restricted bank balances were pledged to secure the banking facilities and performance bonds of the Group of approximately HK$1,026,000 (31st December 2011: HK$860,000).

DIVIDEND

The Directors did not recommend the payment of a dividend for the three months ended 31st March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

For the three months ended 31st March 2012, the revenue of the Group was HK$487.2 million, higher by 15.3 % compared to the same period last year.

For the three months ended 31st March 2012, the product sales and service revenue were HK$308.3 million and HK$178.9 million, increasing by 8.7% and 28.7% respectively compared with the corresponding period last year. Product sales and service revenue contributed 63.3% and 36.7% to total revenue respectively.

For the three months ended 31st March 2012, commercial and public sector sales contributed 44.1% and 55.9% to revenue respectively, compared to 34.3% and 65.7% for the corresponding period in 2011.

Although the Group is exposed to the impact of an increase in overall cost, gross profit margin and profit after income tax maintained a similar level to the same period last year. For the three months ended 31st March 2012, gross profit margin and profit after income tax were 11.4% and HK$13.4 million, slightly lower by 0.3% and higher by 1.2%, respectively, compared to last year. The Group will continue to focus on a series of current cost control measures to lower its business costs.

During the three months ended 31st March 2012, orders newly secured by the Group amounted to approximately HK$543.1 million, representing an increase of 18.1% as compared with the corresponding period in 2011. As of 31st March 2012, the order book balance was approximately HK$766.4 million, an increase of HK$52.7 million compared to 31st December last year. The Group's net cash stood at approximately HK$263.6 million with a working capital ratio of 1.56:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

Business Review

For the three months ended 31st March 2012, the Group's business continued to grow, with revenue increasing 15.3% as compared to the period from January to March 2011.

Progress made in the IT security business

The Group's IT solutions business continued to achieve results. Our security solutions achieved stable progress amongst the numerous IT solutions in the market. The Group is committed to providing one-stop IT services and has promptly received several important projects in the previous year, with our focus on providing managed security services and running the Security Operations Center ("SOC"). During the period under review, customers using the services of our SOC included government departments, banking and financial institutions and a major multi-modal public transport service provider in Singapore. To meet the development needs, the Group's SOC located at our Hong Kong headquarters was officially launched in April 2012, indicating that the Group will invest more resources to provide one-stop IT security services, including security infrastructure, security assessment, security audit, training, consulting, implementation, maintenance and onsite supporting services. With the commencement of the SOC, we will be able to provide our regional customers with round-the-clock and internationally-recognised managed services, hence helping enterprises protect their IT systems against threats.

In addition, the Group obtained two important orders in relation to providing IT security monitoring services from a financial institution and a government department handling financial affairs, respectively. Furthermore, the Group succeeded in further expanding our overseas market. In March 2012, the Group was successful in signing a contract with a member of a Singapore-based brokerage group in Thailand, a group with business coverage across 13 countries, to provide i-Sprint Innovations Pte. Ltd. ("i-Sprint")'s security products to ensure that customers can safely access their internal systems and are compliant with audit requirements. These successful examples have not only signified the Group's expansionary strategy by leveraging i-Sprint's intellectual property products to obtain desired results continuously, but also demonstrated our rich domain knowledge and ability to serve the needs of the security intensive financial sector.

As a matter of fact, the expansion of the Group's security business has depended on our large pool of talent from the security field. In March 2012, one of our security experts was accredited with Certified Information Security Manager (CISM) Geographic Excellence Award by Information Systems Audit and Control Association (ISACA), a non-profit global information systems certification organisation. The said expert obtained the highest score in the Asian region CISM examination which was held in December 2011. This grand award not only praises our security expert, but is also a recognition of our efforts in providing quality customer services over the years.

The Group has continued with its existing strategies in capturing the trends in the cloud computing market. Projects won by the Group in the previous year were either completed or well underway during the period under review. Moreover, we are in active discussion with our key customers on the expansion plans of those cloud computing projects that are under implementation.

Satisfactory regional managed services business

We have expanded our scope of business by focusing on our key and long-term customers. With the increasing demand for data centers, the Group was successful in gaining traction where relevant IT service needs are concerned, in particular the demand for managed services, such as providing outsourced IT infrastructure, systems, human resources and facility management. The Group signed a number of service contracts, including the supply, implementation and maintenance of the operational support systems for a newly-opened data center of a financial institution whom it had been serving for many years. This new-generation data center has extremely high standards of security requirements and management benchmarks. The award of such contract demonstrated that we have earned the trust of the customer as concerns our ability to offer internationally-recognised managed services. We have won other similar contracts, including the installation of computer equipment at a Hong Kong data center for a customer in Macau. Our managed services have also achieved remarkable performance in overseas. The Group has also won a project for the provision of onsite supporting services from a leading global shipping company in Thailand.

Encouraging performance in the IT infrastructure business

During the period under review, the Group was able to seize relevant business opportunities to achieve good performance in its IT infrastructure business, because public and private institutions have a need to update and enhance their services. It is worth mentioning that the Group won a multi-million dollar project for upgrading the firewall of a local communications operator to enable it to cope with the increasing number of 3G service users. In February 2012, the Group won an Oracle systems integration project in the tens of millions of dollars from an IT distributor ranking first in Asia Pacific and third in the world. The Group has been offering services to this customer in both mainland China and Taiwan since 2008, signifying the strength of the Group in providing quality regional services.

Prospects and Outlook

Considering that the sovereign debt issue in Europe and the fiscal problems in the US will likely need to be fully resolved over an extended period of time, the Group will pay close attention to various challenges faced by the global and local economy in the medium term. Moreover, the Group will strive to capture more regional business opportunities, cooperate closely with Beijing Teamsun Technology Co., Ltd. and consolidate linkages with its business partners for the expansion of the Group's business.

Actively seizing various business opportunities in IT solutions is one of the Group's business strategies. We will continue to capture the trends in cloud computing for public and private sectors. The Group will leverage its strength in providing end-to-end cloud solutions, such as infrastructure supply, applications development, systems integration and managing the customer's servers, security, database and storage while offering cloud computing services to a greater number of customers by replicating the success of earlier cases. According to the Policy Address 2011-2012, the Hong Kong Government has indicated that it will encourage local industry to develop advanced cloud computing technologies and applications. The Government will construct an official cloud computing platform and procure public cloud computing services in the next few years. In this regard, we will strive to seize relevant business opportunities by building a private cloud and public cloud for the Government and providing relevant IT infrastructure and services.

Aside from developing the growing cloud computing market, the Group will continue to focus on exploring profitable security markets within the region. With the growth in popularity of cloud computing services, the increasing emphasis on mobility in corporate IT environments and the need for industries, in particular the financial industry, to comply with regulatory requirements, the demand for security is on the rise. The official launch of the Group's SOC and the leading position of i-Sprint have raised the Group's advantages, allowing it to capture growing security needs.

Furthermore, given that data centers may promote the development of applications as well as cloud computing services, in addition to the new policies announced by the Hong Kong Government for encouraging the development of data centers in Hong Kong, we believe that there is potential for greater growth in demand for data centers. The Group is capable of managing new-generation data centers and providing complex IT infrastructure, enabling it to capture business opportunities.

Looking ahead, we will invest more resources in our talent pool to provide better customer services. At the same time, the Group will continue to implement stringent cost-effective measures to capitalise on potential opportunities in a more effective way. Through the clear directions set out above for the Group's future developments, the Group is fully confident that it will further enhance its leading position in the market.

Financial Resources and Liquidity

As at 31st March 2012, the Group's total assets of HK$1,050.7 million were financed by current liabilities of HK$494.8 million, non-current liabilities of HK$33.2 million and shareholders' equity of HK$522.7 million. The Group had a working capital ratio of approximately 1.56:1.

As at 31st March 2012, the Group had an aggregate composite banking facility from banks of approximately HK$111.0 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$177.5 million (31st December 2011: HK$178.6 million) and restricted bank deposits of approximately HK$1.0 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$36.0 million as at 31st March 2012 (31st December 2011: HK$32.2 million). The Group's gearing ratio was zero as at 31st March 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 three months ended 31st March 2012 (three months ended 31st March 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 31st March 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$721,000 higher/lower, mainly a result of the foreign exchange difference on translation of SGD denominated liabilities.

To manage the foreign currency risk arising from SGD, the Group had entered into a forward exchange contract. A net gain of HK$402,000 (three months ended 31st March 2011: Nil) was recognised in the Group's condensed consolidated income statement.

Contingent Liabilities
As at 31st March 2012, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK$1.0 million (31st December 2011: HK$0.9 million). At 31st March 2012, performance bonds of HK$36.0 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$44.6 million as at 31st March 2012 (31st December 2011: HK$44.6 million). The amount utilised against goods supplied as at 31st March 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 31st March 2012, the contracted capital commitments of the Group were HK$0.3 million (31st December 2011: HK$0.4 million).

Employee and Remuneration Policies
As at 31st March 2012, the Group, excluding its associates, employed 1,725 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 three months ended 31st March 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 quarterly results.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the three months ended 31st March 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 as set out in Appendix 14 of the Listing Rules throughout the accounting period for the three months ended 31st March 2012 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
Hui Wing Choy, Henry
Chief Executive Officer

Hong Kong, 26th April 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 Mr. Chen Zhaohui being Non-Executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.