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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30TH JUNE 2010

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 30th June 2010.

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 "Directors") 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 three months ended 30th June 2010. The condensed consolidated quarterly financial information has been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement

		Unaudited	
		Three months ended	
		30th June	
		2010	2009
		HK\$'000	HK\$'000
	<i>Note</i>		
Continuing operations			
REVENUE	2	331,443	287,111
Cost of goods sold		(178,060)	(156,178)
Cost of services rendered		(113,934)	(96,475)
Other income	3	1,846	1,199
Selling expenses		(17,271)	(16,364)
Administrative expenses		(13,522)	(11,732)
Share of results of associates		280	159
		<hr/>	<hr/>
PROFIT BEFORE INCOME TAX	4	10,782	7,720
Income tax expense	5	(2,064)	(1,351)
		<hr/>	<hr/>
Profit from continuing operations		8,718	6,369
Discontinued operations			
Profit from discontinued operations	15	<hr/> -	<hr/> 1,597
Profit for the period attributable to equity holders of the Company		<hr/> 8,718 <hr/>	<hr/> 7,966 <hr/>

Condensed Consolidated Income Statement (Cont'd)

		Unaudited	
		Three months ended	
		30th June	
		2010	2009
	<i>Note</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company	6		
Basic earnings per share			
From continuing operations		2.80	2.14
From discontinued operations		-	0.53
		<u>2.80</u>	<u>2.67</u>
Diluted earnings per share			
From continuing operations		2.80	2.13
From discontinued operations		-	0.53
		<u>2.80</u>	<u>2.66</u>

Condensed Consolidated Statement of Comprehensive Income

		Unaudited	
		Three months ended	
		30th June	
		2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period		8,718	7,966
Other comprehensive income/ (loss):			
Exchange differences on translation of overseas operations		7	(653)
Total comprehensive income for the period attributable to equity holders of the Company		<u>8,725</u>	<u>7,313</u>

Condensed Consolidated Balance Sheet

		Unaudited 30th June 2010 HK\$'000	Audited 31st March 2010 HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	128,447	130,827
Investment properties	8	18,900	18,900
Intangible assets		700	700
Interests in associates		3,375	3,095
Trade receivables	9	<u>316</u>	<u>627</u>
		<u>151,738</u>	<u>154,149</u>
CURRENT ASSETS			
Inventories		73,448	101,820
Trade receivables	9	148,272	147,924
Other receivables, deposits and prepayments	10	29,558	27,019
Amounts due from customers for contract work		113,993	90,423
Restricted bank deposits	11	29,681	29,538
Cash and cash equivalents	11	<u>204,040</u>	<u>279,988</u>
		<u>598,992</u>	<u>676,712</u>
TOTAL ASSETS		<u><u>750,730</u></u>	<u><u>830,861</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		31,140	31,140
Share premium		104,947	104,947
Reserves		<u>278,111</u>	<u>269,386</u>
TOTAL EQUITY		<u>414,198</u>	<u>405,473</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		11,218	11,056
Deferred income		<u>7</u>	<u>24</u>
		<u>11,225</u>	<u>11,080</u>
CURRENT LIABILITIES			
Trade payables	12	161,179	189,850
Other payables and accruals	13	37,458	52,287
Receipts in advance		119,431	166,855
Current income tax liabilities		<u>7,239</u>	<u>5,316</u>
		<u>325,307</u>	<u>414,308</u>
TOTAL LIABILITIES		<u>336,532</u>	<u>425,388</u>
TOTAL EQUITY AND LIABILITIES		<u><u>750,730</u></u>	<u><u>830,861</u></u>
NET CURRENT ASSETS		<u>273,685</u>	<u>262,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>425,423</u></u>	<u><u>416,553</u></u>

NOTES TO THE CONDENSED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30TH JUNE 2010

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 March 2010.

2. 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	
	2010	2009
	HK\$'000	HK\$'000
Sales of goods	196,103	174,244
Revenue from service contracts	135,340	112,867
	<u>331,443</u>	<u>287,111</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 the Group's internal reporting.

The Group is 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 discontinued operations (note 15).

Segment information about these businesses is presented below:

Unaudited

Three months ended 30th June 2010

	<u>Continuing Operations</u>		Total	<u>Discontinued</u>	
	<u>IT Products</u>	<u>IT Services</u>	<u>Continuing</u>	<u>Operations</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>Operations</u>	<u>GMS</u>	<u>Group</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Revenue from external customers	196,103	135,340	331,443	-	331,443
Intersegment revenue	<u>1,569</u>	<u>9,344</u>	<u>10,913</u>	-	<u>10,913</u>
Segment revenue	197,672	144,684	342,356	-	342,356
Reportable segment profit	9,767	12,836	22,603	-	22,603
Depreciation and amortisation	295	1,653	1,948	-	1,948
Additions to property, plant and equipment	<u>290</u>	<u>981</u>	<u>1,271</u>	-	<u>1,271</u>

Unaudited
Three months ended 30th June 2009

	<u>Continuing Operations</u>		<u>Total Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total Group</u>
	<u>IT Products</u>	<u>IT Services</u>		<u>GMS</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
Revenue from external customers	174,244	112,867	287,111	19,528	306,639
Intersegment revenue	<u>2,139</u>	<u>9,554</u>	<u>11,693</u>	<u>-</u>	<u>11,693</u>
Segment revenue	176,383	122,421	298,804	19,528	318,332
Reportable segment profit	6,140	11,954	18,094	1,913	20,007
Depreciation and amortisation	345	1,813	2,158	7,857	10,015
Additions to property, plant and equipment	<u>215</u>	<u>885</u>	<u>1,100</u>	<u>1,111</u>	<u>2,211</u>

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

<u>Unaudited</u>	<u>IT Products</u>	<u>IT Services</u>	<u>Total Group</u>
<u>As at 30th June 2010</u>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	217,895	147,827	365,722
Reportable segment liabilities	<u>183,366</u>	<u>102,123</u>	<u>285,489</u>

Audited
As at 31st March 2010

Reportable segment assets	230,641	141,387	372,028
Reportable segment liabilities	<u>253,021</u>	<u>117,879</u>	<u>370,900</u>

- (a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit that is used by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Income tax expense is not allocated to reportable segments.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

Reportable segment profit is profit before income tax, excluding unallocated share-based payment expense, share of results of associates, unallocated other income, gain/(loss) on disposal of property, plant and equipment and other corporate expenses (mainly include depreciation and amortisation of property, plant and equipment and intangible assets, staff costs and other general administrative expenses).

Reportable segment assets exclude interests in associates, restricted bank deposits and cash and cash equivalents and unallocated corporate assets (mainly include property, plant and equipment, investment properties and intangible assets that are used by all segments, prepayments and deposits).

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities.

(b) Reconciliation of the reportable segment profit or loss, assets and liabilities

Reportable segment profit or loss, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows:

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

Profit or loss	Unaudited	
	Three months ended	
	30th June	
	2010	2009
	HK\$'000	HK\$'000
Reportable segment profit	22,603	18,094
Unallocated amounts:		
Unallocated other income	1,425	1,199
(Loss)/ gain on disposal of property, plant and equipment	(4)	2
Reversal of share-based payment expense	-	(97)
Share of results of associates	280	159
Unallocated corporate expense	(13,522)	(11,637)
	<hr/>	<hr/>
Profit before income tax from continuing operations per condensed consolidated income statement	10,782	7,720
	<hr/> <hr/>	<hr/> <hr/>
Assets	Unaudited	Audited
	30th June	31st March
	2010	2010
	HK\$'000	HK\$'000
Reportable segment assets	365,722	372,028
Unallocated assets:		
Interests in associates	3,375	3,095
Unallocated restricted bank deposits	29,681	29,538
Unallocated cash and cash equivalents	204,040	279,988
Unallocated corporate assets	147,912	146,212
	<hr/>	<hr/>
Total assets per condensed consolidated balance sheet	750,730	830,861
	<hr/> <hr/>	<hr/> <hr/>
Liabilities	Unaudited	Audited
	30th June	31st March
	2010	2010
	HK\$'000	HK\$'000
Reportable segment liabilities	285,489	370,900
Unallocated liabilities:		
Current income tax liabilities	7,239	5,316
Deferred income tax liabilities	11,218	11,056
Unallocated corporate liabilities	32,586	38,116
	<hr/>	<hr/>
Total liabilities per condensed consolidated balance sheet	336,532	425,388
	<hr/> <hr/>	<hr/> <hr/>

The Group's businesses and segment assets are all located in the respective place of domicile of the relevant group entities which include Hong Kong, Guangzhou, Macau, Taiwan and Thailand.

Place of domicile

	Revenue from continuing operations from external customers		Non-current assets	
	Unaudited		Unaudited 30th June 2010 <i>HK\$'000</i>	Audited 31st March 2010 <i>HK\$'000</i>
	Three months ended 30th June			
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>		
Hong Kong	306,245	248,305	145,319	147,400
Guangzhou	2,708	7,669	791	1,144
Macau	11,852	20,694	4,349	4,216
Taiwan	7,401	3,600	434	484
Thailand	3,237	6,843	845	905
	<u>331,443</u>	<u>287,111</u>	<u>151,738</u>	<u>154,149</u>

3. Other Income

	Unaudited	
	Three months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest on bank deposits	82	311
Equipment rental income	863	863
Rental income from investment properties	374	-
Others	527	25
	<u>1,846</u>	<u>1,199</u>

4. Expenses By Nature

	Unaudited	
	Three months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit before income tax from continuing operations has been arrived after charging / (crediting):		
Depreciation and amortisation:		
Property, plant and equipment	3,679	3,934
Intangible assets (included in costs of services rendered)	-	121
(Gain) on disposal of property, plant and equipment	(60)	(2)
Staff costs	<u>89,008</u>	<u>84,415</u>

5. Income Tax Expense

	Unaudited Three months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
The charge / (credit) comprises:		
Current taxation:		
Hong Kong profits tax	1,986	1,302
Overseas taxation	25	74
Over provision in prior periods:		
Overseas taxation	<u>(109)</u>	<u>-</u>
	<u>1,902</u>	<u>1,376</u>
Deferred taxation:		
Current period	<u>162</u>	<u>(25)</u>
Income tax expense	<u><u>2,064</u></u>	<u><u>1,351</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 30th June 2009: 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.

6. 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	
	2010 HK\$'000	2009 HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share	<u><u>8,718</u></u>	<u><u>7,966</u></u>
	Number of shares	
	2010	2009
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	311,403	297,851
Effect of dilutive potential ordinary shares – Share options (note a)	<u>-</u>	<u>1,479</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>311,403</u></u>	<u><u>299,330</u></u>

Note a

There is no dilutive instrument for the three months period ended 30th June 2010.

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

	Unaudited Three months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share from continuing operations	<u><u>8,718</u></u>	<u><u>6,369</u></u>

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

	Unaudited	
	Three months ended	
	30th June	
	2010	2009
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share from discontinued operations	<u>-</u>	<u>1,597</u>

7. Property, Plant and Equipment

During the period, the Group spent approximately HK\$1,316,000 (three months ended 30th June 2009: HK\$2,776,000) mainly on additions to computer and office equipment.

The Group's leasehold land and buildings were stated at valuations made at 31st March 2010 less depreciation and amortisation. At 30th June 2010, 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 30th June 2010, the Group has pledged leasehold land and buildings having a carrying amount of approximately HK\$98,435,000 (31st March 2010: Nil) for banking facilities granted to the Group.

8. Investment Properties

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

At 30th June 2010, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts do not differ significantly from that which would be determined using fair values at the balance sheet date.

As at 30th June 2010, the Group has pledged investing properties having a carrying amount of approximately HK\$18,900,000 (31st March 2010: Nil) for banking facilities granted to the Group.

9. Trade Receivables

	Unaudited	Audited
	30th June	31st March
	2010	2010
	HK\$'000	HK\$'000
Trade receivables	151,479	151,402
Less: provision for impairment of receivables	<u>(2,891)</u>	<u>(2,851)</u>
Trade receivables – net	148,588	148,551
Less: non-current portion of trade receivables	<u>(316)</u>	<u>(627)</u>
	<u>148,272</u>	<u>147,924</u>

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

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.

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

	Unaudited 30th June 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Current	87,470	119,171
Within 30 days	21,072	9,583
31 - 60 days	12,548	11,488
61 - 90 days	19,215	3,730
Over 90 days	11,174	7,430
	<u>151,479</u>	<u>151,402</u>

10. Other Receivables, Deposits and Prepayments

	Unaudited 30th June 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Other receivables	439	595
Deposits	4,818	6,091
Prepayments	24,301	17,998
Amounts due from former fellow subsidiaries	-	2,335
	<u>29,558</u>	<u>27,019</u>

11. Restricted bank deposits, cash and cash equivalents

	Unaudited 30th June 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Cash at bank and on hand	93,488	264,079
Short-term bank deposits	110,552	15,909
	<u>204,040</u>	<u>279,988</u>
Cash and cash equivalents	204,040	279,988
Restricted bank deposits	29,681	29,538

Restricted bank deposits as at 30th June 2010 and 31st March 2010 represented fixed term deposit placed in commercial banks in Hong Kong and Thailand that were pledged against certain banking facilities granted to the Group.

12. 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 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Current	75,635	129,757
Within 30 days	54,352	34,454
31 - 60 days	13,800	12,205
61 - 90 days	9,315	4,289
Over 90 days	8,077	9,145
	<u>161,179</u>	<u>189,850</u>

13. Other Payables and Accruals

	Unaudited 30th June 2010 HK\$'000	Audited 31st March 2010 HK\$'000
Other payables	8,324	13,759
Accruals	25,567	37,234
Deferred income	482	631
Amount due to the ultimate holding company	75	597
Amount due to an associate	3,010	66
	<u>37,458</u>	<u>52,287</u>

14. Pledge of Assets

At 30th June 2010, the Group's leasehold land and buildings of approximately HK\$98,435,000 and investment properties of approximately HK\$18,900,000 were pledged to secure the banking facilities of the Group. There was no pledge of leasehold land and buildings and investment properties committed by the Group as at 31st March 2010.

At 30th June 2010, the Group's restricted bank balances of approximately HK\$29,681,000 (31st March 2010: HK\$29,538,000) were pledged to secure the banking facilities of the Group.

15. Profit from Discontinued Operations

On 24th April 2009, Computer Sciences Corporation ("CSC"), the former 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 a third party (the "Share Purchase Agreement"). The conditions precedent to the Share Purchase Agreement include, inter alia, the completion of a conditional agreement entered into between the Company and CSC Computer Sciences HK Limited ("CSC HK", the former fellow subsidiary of the Company) on 24th April 2009 (hereinafter referred to as the "Global Account Transfer Agreement") and the payment of a special dividend of 92.0 HK cents per share to the then shareholders of the Company (the "Special Dividend"). The Global Account Transfer Agreement and the Special Dividend 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 and the Company and the Company's circular dated 30th June 2009 and announcement dated 17th July 2009.

The results of the GMS business are presented in the condensed consolidated financial information as discontinued operations. An analysis of the results of the discontinued operations is as follows:

	Unaudited Three months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Revenue	-	19,528
Expenses	-	(17,615)
Profit before income tax from discontinued operations	-	1,913
Income tax expense	-	(316)
Profit after income tax from discontinued operations	-	1,597

16. Subsequent Event

On 15th July 2010, the Directors announced that the financial year end date of the Company has been changed from 31st March to 31st December.

DIVIDEND

The Directors did not recommend the payment of dividend for the three months ended 30th June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the three months period ended 30th June 2010, the Group's revenue from the continuing operations was HK\$331.4 million, higher by HK\$44.3 million or 15.4% compared to the corresponding period in 2009. The discontinued operations of the GMS business were disposed by the Group in August 2009.

The Group's continuing operations during the three months period ended 30th June 2010 resulted in product sales and service revenue of HK\$196.1 million and HK\$135.3 million, increased by 12.5% and 19.9% respectively compared with 2009. Product sales and service revenue contributed 59.2% and 40.8% to total revenue of the continuing operations respectively. Commercial and public sector sales from the continuing operations for the three months period ended 30th June 2010 was HK\$172.8 million and HK\$158.6 million, contributing 52.1% and 47.9% to revenue of the continuing operations respectively compared to 47.6% and 52.4% for the same period last year. The increase in revenue was mainly attributed by the increase in both product sales and service revenue in commercial and public sector.

During the three months period ended 30th June 2010, profit before income tax from the continuing operations was HK\$10.8 million, higher by 39.7% compared to the corresponding period in 2009. The profit after income tax for the three months period ended 30th June 2010 was HK\$8.7 million, increased by 9.4% compared with the corresponding period last year that included the discontinued operations.

As of 30th June 2010, the order book balance was approximately HK\$550.0 million. The cash of the Group stood at approximately HK\$204.0 million with a working capital ratio of 1.84:1. The Group maintained a healthy balance sheet and no debt was recorded during the period under review.

Business Review

The table below sets out a number of major contracts and tenders secured in the period under review.

Hong Kong Customers

Infrastructure Business	A leading global investment bank	Implementation of over HK\$5 million dollars IT infrastructure project for stock trading system upgrade
	An education, training and professional development group	Provision of supply, installation, commissioning and maintenance of servers and storage systems replacement for an e-learning, staff email and smartcard database system
Solution Business	A government department	A multi-million dollar contract for the system analysis and design, system implementation and integration and system maintenance and support of the Contract Staff Payroll System
Services Business	A government department	Provision of system maintenance and support for a core record information system
	A leading independent brokerage and investment group in Asia	Provision of help desk and maintenance services
	An independent non-governmental statutory body	A multi-million dollar project for the provision of helpdesk and data center operation support services

Overseas Customers

PRC	Guangzhou Administration for Industry and Commerce Bureau Panyu Substation	A virtualisation upgrade project
Macau	One of the world's leading hospitality companies	Provision of high-end storage and backup system for mission critical applications
Thailand	Bank for Agriculture And Agricultural Cooperatives	Implementation of an IT infrastructure upgrade project for the provision of desktop computers and printers
	Team Precision Public Co. Ltd.	Enhancement of a server-based computing system
Taiwan	A leading international bank	Implementation of a security system upgrade project with 3-year maintenance and onsite support services
	A leading global investment bank	Provision of enterprise servers

As the global economy makes a gradual recovery, the Group is pleased to report a steady performance in the quarter under review. During this period, significant and consistent achievements were made within the IT Infrastructure, Solution and Services businesses. Notably, the Group received continuing demands from the financial services and insurance (“FSI”) sector. By virtue of our presence and signs of recovery in this sector, the Group has started to see the benefits from more activities and increasing IT spending.

The Group’s continued strategy to promote cross-territories business in Greater China was rewarded with satisfactory results. In addition to winning more bids within PRC’s public sector, the Group was also able to secure contracts in wider service offerings from customers who were making investments into PRC. One notable deal was the deployment of two multi-million dollar storage projects (totaling over HK\$5 million) for one of the region’s largest shipping companies for its Hong Kong and Shenzhen offices to facilitate its expansion.

Efforts to further explore regional business opportunities in Asia Pacific after the termination of the territorial agreement with Computer Sciences Corporation, our former controlling shareholder, have also yielded encouraging results. Of note was a million-plus dollars regional application virtualisation project from one of the key carriers on the North-South trade route. The project involved a wide territorial deployment across 10 cities in Asia Pacific including our existing presence in Hong Kong, Taiwan, Guangzhou, Shanghai and Shenzhen and new coverage in Singapore, Tianjin, Qingdao, Ningbo and Xiamen. The project aptly demonstrates the edge of the Group’s strategic footprint in the region and the Group’s strength in providing regional total solution deployment services.

Outlook and Prospects

Looking ahead, we expect the commercial sector business will improve as compared to the last year while promoting cross-territories business will remain as core strategy in our quest of becoming one of the leading IT service providers in Greater China. Under the ‘renminbi cross-border trade settlement scheme’, the Group sees ample opportunities from the commercial sector in the Pearl River Delta and other parts of PRC. In August 2010, the Group continues to secure another multi-million dollar IT infrastructure contract to enhance the stock trading system for a leading global investment bank.

With the Economic Cooperation Framework Agreement and the cross-strait financial supervisory cooperation MOU (memorandum of understanding) (兩岸金融監理合作瞭解備忘錄) allowing Taiwanese corporations and financial institutions to enter PRC and vice versa, the Group expects a closer relationship across the strait which will offer greater business opportunities. A framework agreement for Guangdong-Macau co-operation has also been proposed. One of the major items of the framework agreement is the development of Hengqin Island as a cultural and industrial base which will likely stimulate closer co-operation between Guangdong, Hong Kong and Macau. The Group expects closer collaboration between regions and thus provides more business opportunities.

With more and more synergies being created between the group of Beijing Teamsun Technology Co. Ltd, our ultimate controlling shareholder and the Group, and our competitive advantages – including our solid financial fundamentals, strong customer relationships, excellent IT expertise, tightened vendor relationship, we are able to grow sustainably within existing operations by providing higher quality services to customers, and will take an active approach to seize regional growth opportunities.

Financial Resources and Liquidity

As at 30th June 2010, the Group's total assets of HK\$750.7 million were financed by current liabilities of HK\$325.3 million, non-current liabilities of HK\$11.2 million and shareholders' equity of HK\$414.2 million. The Group had a working capital ratio of approximately 1.84:1.

As at 30th June 2010, the Group had an aggregate composite banking facilities from banks of approximately HK\$172.7 million (31st March 2010: HK\$29.5 million). The Group had pledged land and buildings and investment properties in an aggregate amount of HK\$117.3 million (31st March 2010: Nil) and restricted bank deposits of HK\$29.7 million (31st March 2010: HK\$29.5 million) for banking facilities granted to the Group. The performance bond issued by the Group to customers as security of contract was approximately HK\$28.3 million as at 30th June 2010 (31st March 2010: HK\$29.5 million). The Group's gearing ratio was zero (31st March 2010: zero) as at 30th June 2010.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities provided by banks. Bank facilities available for the Group include trust receipt loans, overdrafts and term loans. The interest rates of most of these will be fixed by reference to the respective countries' Interbank Offer Rate. The bank deposits are 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 three-month period ended 30th June 2010.

Contingent Liabilities

As at 30th June 2010, bank deposits held as security for banking facilities amounted to approximately HK\$29.7 million (31st March 2010: HK\$29.5 million). The performance bond issued by the Group to customers as security of contract was approximately HK\$28.3 million as at 30th June 2010 (31st March 2010: HK\$29.5 million). Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$51.7 million as at 30th June 2010 (31st March 2010: HK\$51.5 million). The amount utilised against goods supplied as at 30th June 2010 which was secured by the corporate guarantee amounted to approximately HK\$0.8 million (31st March 2010: HK\$0.7 million).

Capital Commitment

As at 30th June 2010, the contracted capital commitments of the Group were HK\$1.4 million (31st March 2010: HK\$1.4 million).

Employee and Remuneration Policies

As at 30th June 2010, the Group, excluding its associates, employed 1,590 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.

CHANGE OF FINANCIAL YEAR END DATE

Reference is made to the Company's announcement dated 15th July 2010. The Directors announced that the financial year end date of the Company has been changed from 31st March to 31st December. Accordingly, the Company will announce and publish its results announcements for the period of six months ending 30th September 2010 and nine months ending 31st December 2010 on or before 30th November 2010 and 31st March 2011 respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 30th June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the 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 30th June 2010, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the accounting period for the three months ended 30th June 2010 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 E.1.2, Mr. Hu Liankui, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 16th July 2010 due to other business commitments.

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

Hong Kong, 27th August 2010

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. 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.