AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

RESULTS

The Board of Directors (the "Board") of Automated Systems Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "ASL") for the year ended 31st December 2012 together with comparative figures for the year ended 31st December 2011 as follows:

Consolidated Income Statement

		Audited Year ended 31st December	
		2012	2011
	Notes	***HK$'000***	*HK$'000* (Restated)
Revenue	3	**1,673,279**	1,537,328
Cost of goods sold		**(811,551)**	(808,780)
Cost of services rendered		**(659,417)**	(557,525)
Other income	4	**2,496**	3,573
Other gain/(loss), net	5	**2,809**	(3,861)
Fair value gain on revaluation of investment properties		**7,700**	4,000
Selling expenses		**(94,064)**	(69,079)
Administrative expenses		**(75,300)**	(62,728)
Finance income	6	**1,545**	1,269
Finance costs		**(282)**	-
Share of results of associates		**486**	913
Profit before income tax	7	**47,701**	45,110
Income tax expense	8	**(6,507)**	(294)
Profit for the year attributable to equity holders of the Company		**41,194**	44,816
DIVIDENDS	9		
Interim dividend		**-**	-
Final dividend		**17,127**	12,456

Consolidated Income Statement (Cont'd)

		Audited Year ended 31st December	
		2012	2011
	Notes	***HK cents***	*HK cents*
Earnings per share attributable to equity holders of the Company	10		
Basic and diluted earnings per share		**13.23**	14.39

Consolidated Statement of Comprehensive Income

	Audited Year ended 31st December	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**41,194**	44,816
Other comprehensive income/(loss):		
Revaluation surplus of leasehold land and buildings	**44,223**	24,143
Deferred taxation arising from revaluation surplus of leasehold land and buildings	**(7,297)**	(3,984)
Exchange differences on translation of overseas operations	**3,307**	(2,178)
Total comprehensive income for the year attributable to equity holders of the Company	**81,427**	62,797

Consolidated Balance Sheet

	Notes	Audited 31st December 2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**211,754**	176,912
Investment properties	12	**36,400**	28,700
Intangible assets		**11,817**	10,593
Goodwill		**36,247**	34,213
Interests in associates		**804**	1,287
Trade receivables	13	**-**	1,729
Finance lease receivables		**21,487**	16,013
Long-term bank deposit	15	**-**	155
Restricted bank deposits	15	**-**	498
Deferred income tax assets		**1,441**	1,001
		319,950	271,101
CURRENT ASSETS			
Inventories		**102,756**	100,658
Trade receivables	13	**237,471**	206,953
Finance lease receivables		**18,802**	6,724
Other receivables, deposits and prepayments	14	**19,476**	23,645
Amounts due from customers for contract work		**224,856**	190,615
Tax recoverable		**243**	785
Restricted bank deposits	15	**3,987**	362
Cash and cash equivalents	15	**116,677**	108,404
		724,268	638,146
TOTAL ASSETS		**1,044,218**	909,247
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**31,140**	31,140
Share premium		**104,947**	104,947
Reserves		**437,915**	371,540
TOTAL EQUITY		**574,002**	507,627
NON-CURRENT LIABILITIES			
Other financial liabilities		**-**	9,211
Trade payables	16	**854**	-
Deferred income tax liabilities		**30,324**	23,385
		31,178	32,596
CURRENT LIABILITIES			
Trade payables	16	**230,924**	200,432
Other payables and accruals	17	**66,046**	44,212
Receipts in advance		**130,252**	114,462
Current income tax liabilities		**908**	5,644
Other financial liabilities		**8,239**	4,274
Borrowing		**2,669**	-
		439,038	369,024
TOTAL LIABILITIES		**470,216**	401,620
TOTAL EQUITY AND LIABILITIES		**1,044,218**	909,247
NET CURRENT ASSETS		**285,230**	269,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**605,180**	540,223

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, leasehold land and buildings, investment properties and contingent consideration payable.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

2. Significant Accounting Policies

Except as described below, the accounting policies applied as described in those financial statements are consistent with those of the financial statements for the year ended 31st December 2011.

(a) The following amendments is mandatory for the first time for the financial year beginning 1st January 2012, but not currently relevant to the Group:

HKFRS 7 (Amendments), "Financial instruments: Disclosures – Transfers of financial assets" is effective for annual period beginning on or after 1st July 2011. The amendments enhance existing disclosure requirements for transferred financial assets that are still, at least partially recognised by the Group because they do not qualify for derecognition under HKAS 39 and require additional disclosures on the Group's continue involvement in derecognised assets.

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1st January 2012 and have not been early adopted.

HKFRS 7 (Amendments)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurement
HKAS 1 (Amendments)	Presentation of items of other comprehensive income
HKAS 19 (Amendments)	Employee benefits
HKAS 28 (2011)	Investments in associates and joint ventures
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

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:

	Audited Year Ended 31st December	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**905,002**	899,490
Revenue from service contracts	**768,277**	637,838
	1,673,279	1,537,328

The chief operating decision maker has been identified as 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 (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 year are presented below.

Audited
Year ended 31st December 2012

	IT Products	**IT Services**	**Total Group**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**905,002**	**768,277**	**1,673,279**
Intersegment revenue	**16,252**	**32,822**	**49,074**
Segment revenue	**921,254**	**801,099**	**1,722,353**
Reportable segment profit	**38,368**	**71,460**	**109,828**
Segment depreciation	**1,623**	**10,834**	**12,457**
Segment amortisation	**-**	**2,559**	**2,559**
Additions to property, plant and equipment	**359**	**5,592**	**5,951**
Additions to intangible assets	**-**	**3,245**	**3,245**

Audited
Year ended 31st December 2011

	IT Products	IT Services	Total Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	899,490	637,838	1,537,328
Intersegment revenue	23,655	39,782	63,437
Segment revenue	923,145	677,620	1,600,765
Reportable segment profit	47,884	54,236	102,120
Segment depreciation	2,627	8,819	11,446
Segment amortisation	-	2,071	2,071
Additions to property, plant and equipment	957	5,272	6,229
Additions to intangible assets	-	12,035	12,035
Additions to goodwill	-	35,274	35,274

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

Audited
31st December 2012

	IT Products	**IT Services**	**Total Group**
	HK$'000	***HK$'000***	***HK$'000***
Reportable segment assets	**294,450**	**379,590**	**674,040**
Reportable segment liabilities	**210,656**	**167,623**	**378,279**

Audited
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 unallocated other income, other gain or loss, net, share of results of associates, gain or loss on disposal of property, plant and equipment, unallocated depreciation for property, plant and equipment that are used for all segments, fair value gain on revaluation of investment properties, 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, long-term bank deposit and unallocated corporate assets (mainly include property, plant and equipment, investment properties and part of 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 property, plant and equipment, intangible assets and goodwill include additions resulting from acquisition through business combinations.

(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	**Audited Year ended 31st December**	
	2012	2011
	HK$'000	*HK$'000*
Reportable segment revenue	**1,722,353**	1,600,765
Elimination of intersegment revenue	**(49,074)**	(63,437)
Revenue per consolidated income statement	**1,673,279**	1,537,328

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

Profit or loss	**Audited Year ended 31st December**	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Reportable segment profit	**109,828**	102,120
Unallocated amounts:		
Unallocated other income	**2,404**	3,573
Unallocated other gain/(loss), net	**2,843**	(2,505)
Fair value gain on revaluation of investment properties	**7,700**	4,000
Unallocated gain/(loss) on disposal of property, plant and equipment	**22**	(263)
Unallocated depreciation	**(5,794)**	(5,638)
Share of results of associates	**486**	913
Finance costs	**(282)**	-
Unallocated corporate expenses	**(69,506)**	(57,090)
Profit before income tax per consolidated income statement	**47,701**	45,110

Assets

	Audited 31st December 2012 HK$'000	2011 HK$'000
Reportable segment assets	**674,040**	594,365
Unallocated assets:		
Interests in associates	**804**	1,287
Deferred income tax assets	**1,441**	1,001
Unallocated restricted bank deposits	**3,987**	860
Unallocated cash and cash equivalents	**116,677**	108,404
Unallocated long-term bank deposit	**-**	155
Unallocated corporate assets	**247,269**	203,175
Total assets per consolidated balance sheet	**1,044,218**	909,247

Liabilities

	Audited 31st December 2012 HK$'000	2011 HK$'000
Reportable segment liabilities	**378,279**	326,884
Unallocated liabilities:		
Current income tax liabilities	**908**	5,644
Deferred income tax liabilities	**30,324**	23,385
Unallocated corporate liabilities	**60,705**	45,707
Total liabilities per consolidated balance sheet	**470,216**	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 Audited Year ended 31st December 2012 HK$'000	2011 HK$'000
Hong Kong	**1,410,798**	1,355,671
Guangzhou	**30,876**	17,914
Macau	**53,210**	54,299
Singapore	**55,418**	17,685
Taiwan	**83,139**	41,711
Thailand	**36,412**	48,543
Others	**3,426**	1,505
	1,673,279	1,537,328

Place of domicile	Non-current assets Audited 31st December 2012	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**246,646**	214,192
Guangzhou	**864**	229
Macau	**905**	1,475
Singapore	**47,852**	34,518
Taiwan	**172**	579
Thailand	**583**	712
	297,022	251,705

4. Other Income

	Audited Year ended 31st December	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Interest on bank deposits	**155**	265
Rental income from investment properties	**1,862**	1,496
Referral income received from group companies	**-**	859
Others	**479**	953
	2,496	3,573

5. Other Gain/(Loss), Net

	Audited Year ended 31st December	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Deferred consideration payable		
- Fair value gain / (loss)	**3,124**	(1,226)
Exchange loss, net	**(380)**	(1,596)
Fair value gain on forward foreign exchange contract	**254**	21
Loss on disposal of fixed assets	**(189)**	(1,060)
	2,809	(3,861)

6. Finance Income

Finance income represents accretion of discount recognised upon initial recognition of loans and receivables to their fair value (2011: same).

7. Profit Before Income Tax

	Audited Year ended 31st December 2012 HK$'000	2011 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Employee benefit expenses (excluding directors' remuneration)	**536,266**	440,044
Depreciation and amortisation		
Property, plant and equipment	**18,251**	17,084
Intangible assets (included in cost of services rendered)	**2,559**	2,071
Directors' remuneration	**18,078**	8,457
Auditor's remuneration		
Current year	**1,618**	2,847
Underprovision in respect of prior year	**216**	30
Loss on disposal of property, plant and equipment	**189**	1,060
Interest on short-term bank loans wholly repayable within one year	**20**	-
Operating lease rentals in respect of:		
Office premises	**7,984**	8,099
Computer equipment	**12**	13
Bad debt expenses	**69**	-
Provision for impairment of trade receivables	**793**	758
Reversal of provision for impairment of trade receivables	**(179)**	(554)

8. Income Tax Expense

	Audited Year ended 31st December 2012 HK$'000	2011 HK$'000
Current taxation:		
Hong Kong profits tax	**6,935**	8,788
Overseas taxation	**696**	680
(Over)/under-provision in respect of prior years:		
Hong Kong profits tax	**(223)**	(7,630)
Overseas taxation	**(13)**	52
	7,395	1,890
Deferred taxation:		
Current year	**(888)**	(1,596)
Income tax expense	**6,507**	294

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

9. Dividends

	Audited Year ended 31st December 2012 HK$'000	2011 HK$'000
Dividends recognised as distribution during the year:		
Final dividend in respect of the year ended 31st December 2011 of 5.5 HK cents per share (2011: nine months ended 31st December 2010 of 4.0 HK cents per share)	**17,127**	12,456
Dividends proposed:		
Final dividend in respect of the year ended 31st December 2012 of 5.0 HK cents per share (2011: 5.5 HK cents per share)	**15,570**	17,127

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:

	Audited Year ended 31st December 2012 HK$'000	2011 HK$'000
Earnings for the purpose of basic and diluted earnings per share	**41,194**	44,816

	Number of shares Year ended 31st December 2012 '000	2011 '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 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 year ended 31st December 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. There were no dilutive instruments for the year ended 31st December 2011.

11. Property, Plant and Equipment

During the year ended 31st December 2012, the additions of property, plant and equipment, mainly for computers and office equipment, was approximately HK$9,205,000 (2011: HK$8,187,000).

During the year ended 31st December 2012, the Group disposed of certain property, plant and equipment at the carrying amount of HK$398,000 (2011: HK$1,497,000), resulting in a loss on disposal of HK$189,000 (2011: HK$1,060,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2012. The leasehold land and buildings were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer, at 31st December 2012 at market value basis which is determined by reference to market evidence of recent transactions for similar properties. The revaluation gave rise to a revaluation surplus net of applicable deferred income taxes of HK$36,926,000 (2011: HK$20,159,000) which has been credited to the property revaluation reserve.

As at 31st December 2012, if the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost, less accumulated depreciation and amortisation of approximately HK$50,431,000 (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 December 2012, the Group has pledged leasehold land and buildings with carrying amount of approximately HK$189,900,000 (2011: HK$149,900,000) to secure banking facilities granted to the Group.

12. Investment Properties

The investment properties of the Group were last revalued by DTZ Debenham Tie Leung Limited, an independent professional valuer at 31st December 2012, on the basis of market value (2011: same).

As at 31st December 2012, the Group has pledged investment properties with carrying amount of approximately HK$36,400,000 (2011: HK$28,700,000) to secure banking facilities granted to the Group.

13. Trade Receivables

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

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**238,264**	209,197
Less: provision for impairment of receivables	**(793)**	(515)
Trade receivables – net	**237,471**	208,682
Less: non-current portion of trade receivables	**-**	(1,729)
Current portion of trade receivables	**237,471**	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:

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Current	**138,026**	143,950
Within 30 days	**53,119**	28,702
31 - 60 days	**25,820**	15,567
61 - 90 days	**7,483**	7,493
Over 90 days	**13,816**	13,485
	238,264	209,197

14. Other Receivables, Deposits and Prepayments

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Other receivables	**2,254**	2,614
Deposits	**6,295**	5,649
Prepayments	**9,706**	14,436
Amount due from the ultimate holding company	**-**	946
Amount due from a fellow subsidiary	**1,214**	-
Amount due from an associate	**7**	-
	19,476	23,645

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

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Cash at bank and on hand	**113,566**	100,244
Short-term bank deposits	**3,111**	8,160
Cash and cash equivalents	**116,677**	108,404
Restricted bank deposits	**3,987**	860
Less: Non-current portion	**-**	(498)
Current portion of restricted bank deposits	**3,987**	362
Long-term bank deposit	**-**	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.

Bank balances, short-term, long-term bank deposits and restricted bank deposits carry interest at market rates with average interest rate of 0.13%, n/a, n/a, and 0.83% (2011: 0.10%, 0.45% ,0.70% and 0.50%) per annum.

16. Trade Payables

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Trade payables	**231,778**	200,432
Less: non-current portion of trade payables	**(854)**	-
Current portion of trade payables	**230,924**	200,432

As at 31 December 2012, all non-current trade payables are due within five years from the balance sheet date (2011: nil).

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

	Audited 31st December	
	2012	2011
	HK$'000	*HK$'000*
Current	**142,399**	114,313
Within 30 days	**50,287**	54,988
31 - 60 days	**21,025**	21,491
61 - 90 days	**10,004**	2,206
Over 90 days	**8,063**	7,434
	231,778	200,432

17. Other Payables and Accruals

	Audited 31st December 2012	2011
	HK$'000	*HK$'000*
Other payables	**9,409**	8,217
Accruals	**52,050**	34,535
Amounts due to the ultimate holding company	**3,019**	-
Amounts due to the immediate holding company	**441**	-
Amount due to associates	**1,127**	1,460
	66,046	44,212

18. Pledge of Assets

As at 31st December 2012, the Group's leasehold land and buildings of approximately HK$189,900,000 (2011: HK$149,900,000) and investment properties of approximately HK$36,400,000 (2011: HK$28,700,000) were pledged to secure the banking facilities of the Group.

As at 31st December 2012, the Group's restricted bank balances were pledged to secure the banking facilities and performance bonds of the Group of approximately HK$3,987,000 (2011: HK$860,000).

19. Comparative Figures

Certain comparative figures have been reclassified from cost of services rendered, other income, selling and administrative expenses to other gain/(loss), net to conform to current year's presentation.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 5.0 HK cents per share for the year ended 31st December 2012. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the proposed dividend will be paid on or before 11th June 2013 to shareholders whose names appear on the Register of Members of the Company on 28th May 2013 (2011: 5.5 HK cents per share).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

For the year ended 31st December 2012, the revenue of the Group was HK$1,673.3 million, higher by 8.8% compared to the same period last year.

For the year ended 31st December 2012, the product sales and service revenue were HK$905.0 million and HK$768.3 million, increasing by 0.6% and 20.5% respectively compared with the corresponding period last year. Product sales and service revenue contributed 54.1% and 45.9% to total revenue respectively, compared to 58.5% and 41.5% with the corresponding period last year.

For the year ended 31st December 2012, commercial and public sector sales contributed 46.6% and 53.4% to revenue respectively, compared to 39.9% and 60.1% for the corresponding period in 2011.

Gross profit margin and profit after income tax for the full year of 2012 were 12.1% and HK$41.2 million, higher by 1.0% and lower by 8.1% respectively compared to the corresponding period last year. The increase in gross profit margin was mainly due to the increased share of the Group's service business during the year. In addition, other income was recorded as a result of a supplemental deed entered into during the year to lower the consideration for the acquisition of the entire issued share capital of i-Sprint Innovations Pte. Ltd. ("i-Sprint") to S$6.8 million. Portions of the increase in gross profit margin and other income have been offset by the increase in operating costs.

For the year ended 31st December 2012, orders newly secured by the Group amounted to approximately HK$1,826.7 million, representing an increase of 1.8% as compared with the corresponding period in 2011. As of 31st December 2012, the order book balance was approximately HK$829.8 million, an increase of HK$116.1 million compared to the last year. The Group's net cash stood at approximately HK$116.7 million with a working capital ratio of 1.65:1. The Group maintained a healthy balance sheet and outstanding loans amounted to HK$2.7 million as at 31st December 2012.

Business Review
The Group's business remained stable for the year ended 31st December 2012, and its revenue increased by 8.8% as compared to the same period in 2011.

During the year, the Group dedicated efforts into customising various kinds of innovative applications to cater the diverse demand among organisations from both public and commercial sector to improve their cost-effectiveness and enhance business performance.

In the public sector, the Group continued to make good progress in winning and completing numerous orders in relation to applications and cloud computing to support better public services provided by the government. Notably, the Group was awarded a sizable project for the implementation of an electronic recordkeeping system from a government policy bureau in December 2012. It amplifies the Group's leading position in public sector remains strong.

In the private sector, the Group continued to demonstrate its capabilities and combined its domain knowledge in various industries with the latest technology to address customers' needs. Such orders included the completion of a turnkey mobile queuing system for Maxim's Caterers Limited's 55 Genki Sushi and Sen-ryo branches in Hong Kong, thus bringing new dining experience for consumers in the marketplace. There recorded a significant growth in the number of clientele across various industries, illustrating our strategy of focusing on the development of the aforesaid expertise is on the right track.

The Group spared no efforts in supporting our regional clients in building data centers and adopting related services such as IT infrastructure and managed services. Following the success in the first half in 2012 by extending our managed services coverage from Hong Kong, Macau, and Thailand to mainland China, the Group awarded a new order from a government authority to provide ITIL-compliant office automation and help desk services in September 2012.

During the period, our strategy in capturing regional demand for various solutions yielded encouraging results. In particular, the Group was able to seize the opportunities created from the rising security demand among organisations in public and commercial sector in the region. The Group was successful in integrating our intellectual property (IP)-based product (which is AccessMatrix™, the product from i-Sprint) into other market-ready products together with the Group's services, so as to offer a total solution. Such success included the project to support Bank of China (Hong Kong) Limited to enhance its Internet banking services, and winning a project from a government related organisation for the provision of password control management solution in December 2012. In addition, numerous sizable new orders were gained from certain leading banks, telecom giants, hospitals and public utility organisations in the region. The security business related to Security Operation Center (SOC) which set up in April 2012 also showed satisfactory progress. In December 2012, the Group further garnered an order from a telecommunications giant to provide IT monitoring services, making such services spanned across more industries, from government departments, financial institutions, transportation, to telecommunications sector. To strengthen our competitive edge in security, the Group is in extensive discussion with customers on our bundling services of SOC together with data center services which officially launched in November 2012.

Furthermore, the infrastructure service's performance was also noteworthy. Armed with regional services capabilities, the Group completed a cross-countries infrastructure project for an international apparel company that we won in June 2012. The Group also demonstrated its capabilities in exploring niche infrastructure market by implementing a low latency network infrastructure for a financial institution in Hong Kong.

The Group continued its earlier success in promoting IP-based products in the second half of the year. Subsequent to customising a system monitoring solution of Mocha Software (Tianjin) Co., Ltd. ("Mocha Software"), a wholly-owned subsidiary of Beijing Teamsun Technology Co., Ltd. ("Teamsun"), our ultimate holding company, for Wonderland Nurseygoods Co. Ltd in Taiwan, the Group gained traction by offering infrastructure for data information management system for a public company focused on optical fiber cable business and assisting it in setting up a optical fiber network for the Taiwan Government in November 2012. In this project, i-Sprint's AccessMatrix™, Mocha Software's system monitoring tools and market-ready products were blended together as a total offering.

Outlook and Prospects
This year marks ASL's 40th anniversary. We strongly believe that with our solid foundations in Hong Kong, we are in a well position to further expand our business within the Asia Pacific region.

In terms of geographical distribution, our business will gradually be divided into a mainland China and Hong Kong segment as well as an overseas segment with the goal of providing tailored services for clients in respective regions and satisfying their different IT demands. Subsequent to the opening of Shanghai office in September 2012, the Group's subsidiary, i-Sprint, also established i-Sprint (Beijing) Technology Co., Ltd. in Beijing as its mainland China operation headquarters in November 2012 and commenced operations in January 2013 to further gear up our business expansion in mainland China. Therefore, after years of ceaseless effort, we are glad to see our services locations are expanding across Asia Pacific, and we expect to provide more premium services to our customers in the future.

In future, ASL will continue to devote itself to developing the Hong Kong market riding on its 40-year well-established operation and accumulated technology throughout the years. Cloud computing has not only brought about changes in the business mode of IT industry and its servicing model (for example, payment by demand has enhanced the efficiency, security and cost-effectiveness of IT resources), but also created greater business opportunities, which laid a solid foundation for the Group to reach its next milestone.

Regarding the overseas market, the "Cloud Valley" development plan in Taiwan, for instance, will complete the construction of its IaaS, PaaS, and SaaS three-layered cloud computing system between 2012 and 2014, thus establishing the largest hub for the cloud computing industry in Taiwan. Therefore, aside from focusing on its business in Hong Kong, subsidiaries of the Group located in overseas regions, such as Taiwan and Thailand, will also continue to leverage the business foundation and technical reserve of the Group's Hong Kong headquarters to develop their businesses independently in their respective regions, which will further ASL's business expansion in Southeast Asia.

On the other hand, we will focus our business into several major areas, such as hardware delivery service, software delivery service and self-owned IP products, and continue to invest respective technological and management resources with the goal of achieving a greater development. At the same time, we will continue to work closely with Teamsun on promoting its IP-based products and capitalise on the opportunities to strengthen and create a pool of IP products for the Group by leveraging our domain knowledge in different industries and replicating these success to other customers with similar needs.

With the surge in demand for data center in Greater China, the Group sees huge opportunities lie ahead. The Group has continuously enhanced its service capability since last year and will continue to invest more resources to refine its services and to bring substantial value.

The Group will continue to focus on providing a wide spectrum of innovative solutions, including security and business intelligence. Besides, we are actively exploring niche solution which can enhance user experience with target customers from hospitality, retail and entertainment in Greater China. By leveraging Hong Kong as a center of excellence and forging stronger regional vendor alliance, the Group is endeavored to promote our solution success to more customers in other regions.

In anticipation of the growing opportunities brought by the cloud computing trend, the Group has not only set a clear market positioning with focus on private cloud, but has also achieved track records. Building on the many accomplishments made in 2012, the Group will further expand this business by investing more resources; for example, using IP developed from existing projects and replicating it for other customers, forging strategic partnership with product suppliers to integrate self-owned and Teamsun's products with market-ready products to provide a common services.

Moreover, the Group will continue to further its human resource integration so as to move up the value chain, optimise process with cost-effective measures for higher operational efficiency, enhance our service quality and forge close ties with regional suppliers. The Group undertook an acquisition project in 2012 to acquire the entire issued equity of MDCL-Frontline Solutions Limited, the parent company of Mocha Software. Although the acquisition had lapsed and was not completed, the business of the Company and our co-operation with Mocha Software was not affected. In order to accommodate the future development of the Group, it may strengthen its capabilities through mergers and acquisition at the opportune time. Looking forward, with different growth initiatives benefitting the Group effectively in progress, the Group remains positive about the prospects of its businesses.

Financial Resources and Liquidity
As at 31st December 2012, the Group's total assets of HK$1,044.2 million were financed by current liabilities of HK$439.0 million, non-current liabilities of HK$31.2 million and shareholders' equity of HK$574.0 million. The Group had a working capital ratio of approximately 1.65:1.

As at 31st December 2012, the Group had an aggregate composite banking facility from banks of approximately HK$137.8 million (2011: HK$110.9 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK$226.3 million (2011: HK$178.6 million) and restricted bank deposits of approximately HK$4.0 million (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$55.0 million as at 31st December 2012 (2011: HK$32.2 million). The Group's gearing ratio was 0.5% as at 31st December 2012 (2011: nil).

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"). The borrowing is denominated in New Taiwan dollars.

Foreign Exchange Exposure
The Group mainly earns revenue and incurs costs in US dollars, Hong Kong dollars and Singapore dollars (**"**SGD**"**). Foreign exchange exposure to US dollars 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 year ended 31st December 2012 (2011: same).

As at 31st December 2012, if SGD had weakened/strengthened by 5% against the HKD with all other variables held constant, profit for the year would have been approximately HK$358,000 (2011: HK$674,000) 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 forward foreign exchange contracts. A gain of HK$254,000 (2011: HK$21,000) was recognised in the Group's consolidated income statement.

Contingent Liabilities
As at 31st December 2012, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK$4.0 million (2011: HK$0.9 million). At 31st December 2012, performance bonds of HK$55.0 million (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 31st December 2012 (2011: HK$44.6 million). The amount utilised against goods supplied as at 31st December 2012 which was secured by the corporate guarantee was approximately HK$0.9 million (2011: HK$1.2 million).

Capital Commitments
As at 31st December 2012, the contracted capital commitments of the Group were HK$0.4 million (2011: HK$0.4 million).

Major Customers and Suppliers
During the year ended 31st December 2012, the five largest customers and single largest customer of the Group accounted for approximately 23.7% and 9.1%, respectively, of the Group's revenue. The five largest suppliers and single largest supplier of the Group accounted for approximately 36.2% and 10.4%, respectively, of the Group's purchases.

At no time during the year ended 31st December 2012 did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest customers or suppliers.

Employee and Remuneration Policies
As at 31st December 2012, the Group, excluding its associates, employed 1,779 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.

CLOSURE OF REGISTER OF MEMBERS
The register of members of the Company will be closed from 23rd May 2013 to 28th May 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 22nd May 2013. The dividend warrants will be despatched on or before 11th June 2013.

2013 ANNUAL GENERAL MEETING
The Company will convene the forthcoming annual general meeting on 15th May 2013, and the register of members of the Company will be closed from 10th May 2013 to 15th May 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 9th May 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES
During the year ended 31st December 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 audited annual results.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED ("GRANT THORNTON HONG KONG")
The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2012 have been agreed by the Group's auditor, Grant Thornton Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31st December 2012, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CORPORATE GOVERNANCE
The Company has complied with the Code on Corporate Governance Practices (formerly set out in Appendix 14 of the Listing Rules) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which has taken effect from 1st April 2012) (the "Code") set out in Appendix 14 to the Listing Rules throughout the accounting period for the year ended 31st December 2012 except as noted below:

(a) with respect to Code provision 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;

(b) with respect to Code provision 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; and

(c) with respect to Code provisions A.6.7 and E.1.2, one Non-Executive Director did not attend the annual general meeting of the Company held on 26th April 2012 and three Independent Non-Executive Directors (including the chairman of the Independent Board Committee of the Company) and two Non-Executive Directors did not attend the special general meeting of the Company held on 21st December 2012 due to other commitments.

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

Hong Kong, 20th March 2013

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