

AUTOMATED

A Member of the Teamsun Group

Automated Systems Holdings Limited

(Incorporated in Bermuda with Limited Liability)

Stock Code : 771

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Interim Report

For the six months ended
30th June 2013

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INDEPENDENT REVIEW REPORT



Grant Thornton
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TO THE BOARD OF DIRECTORS OF AUTOMATED SYSTEMS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 21, which comprises the condensed consolidated balance sheet of Automated Systems Holdings Limited (the “Company”) as at 30th June 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton Hong Kong Limited

Certified Public Accountants

20th Floor, Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

23rd August 2013

Shaw Chi Kit

Practising Certificate No.: P04834

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2013

		Unaudited Six months ended 30th June	
		2013	2012
		HK\$'000	HK\$'000
	Notes		
Revenue	6	808,354	891,019
Cost of goods sold		(396,812)	(469,604)
Cost of services rendered		(336,460)	(312,787)
Other income	7	3,881	1,153
Other loss, net	8	(549)	(2,211)
Selling expenses		(34,439)	(43,536)
Administrative expenses		(31,862)	(38,012)
Finance income	9	710	718
Finance costs		(273)	(76)
Share of results of associates		73	228
Profit before income tax	10	12,623	26,892
Income tax expense	11	(2,968)	(4,949)
Profit for the period attributable to equity holders of the Company		9,655	21,943
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted earnings per share	13	3.10	7.05

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2013

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Profit for the period	9,655	21,943
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	<u>(1,385)</u>	<u>312</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>8,270</u>	<u>22,255</u>

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2013

		Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Non-current assets			
Property, plant and equipment	14	204,900	211,754
Investment properties	15	36,400	36,400
Intangible assets	16	13,794	11,817
Goodwill		35,228	36,247
Interests in associates		876	804
Finance lease receivables		13,648	21,487
Deferred income tax assets		978	1,441
		305,824	319,950
Current assets			
Inventories		134,043	102,756
Trade receivables	17	209,976	237,471
Finance lease receivables		16,013	18,802
Other receivables, deposits and prepayments	18	28,177	19,476
Amounts due from customers for contract work		225,677	224,856
Tax recoverable		967	243
Restricted bank deposits	19	2,136	3,987
Cash and cash equivalents	19	85,629	116,677
		702,618	724,268
Total assets		1,008,442	1,044,218
Equity attributable to equity holders of the Company			
Share capital	22	31,140	31,140
Share premium		104,947	104,947
Reserves		430,915	437,915
Total equity		567,002	574,002

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

As at 30th June 2013

	Notes	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Non-current liabilities			
Trade payables	20	–	854
Deferred income tax liabilities		<u>29,889</u>	<u>30,324</u>
		<u>29,889</u>	<u>31,178</u>
Current liabilities			
Trade payables	20	209,321	230,924
Other payables and accruals	21	39,289	66,046
Receipts in advance		139,215	130,252
Current income tax liabilities		2,463	908
Other financial liabilities	23	–	8,239
Borrowings		<u>21,263</u>	<u>2,669</u>
		<u>411,551</u>	<u>439,038</u>
Total liabilities		<u>441,440</u>	<u>470,216</u>
Total equity and liabilities		<u>1,008,442</u>	<u>1,044,218</u>
Net current assets		<u>291,067</u>	<u>285,230</u>
Total assets less current liabilities		<u>596,891</u>	<u>605,180</u>

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2013

	Unaudited							
	Share capital	Share premium	Special reserve	Property revaluation reserve	Translation reserve	Share option reserve	Retained earnings	Total
	HK\$'000	HK\$'000	Note (i) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2012	31,140	104,947	34,350	83,844	1,099	-	252,247	507,627
Profit for the period	-	-	-	-	-	-	21,943	21,943
Other comprehensive income:								
Exchange differences on translation of overseas operations	-	-	-	-	312	-	-	312
Total comprehensive income for the period	-	-	-	-	312	-	21,943	22,255
Transaction with owners								
Final dividend for the year ended 31st December 2011	-	-	-	-	-	-	(17,127)	(17,127)
Recognition of equity-settled share-based payments	-	-	-	-	-	586	-	586
Total transaction with owners	-	-	-	-	-	586	(17,127)	(16,541)
At 30th June 2012	<u>31,140</u>	<u>104,947</u>	<u>34,350</u>	<u>83,844</u>	<u>1,411</u>	<u>586</u>	<u>257,063</u>	<u>513,341</u>
At 1st January 2013	31,140	104,947	34,350	120,770	4,406	1,916	276,473	574,002
Profit for the period	-	-	-	-	-	-	9,655	9,655
Other comprehensive loss:								
Exchange differences on translation of overseas operations	-	-	-	-	(1,385)	-	-	(1,385)
Total comprehensive income for the period	-	-	-	-	(1,385)	-	9,655	8,270
Transaction with owners								
Forfeiture of unclaimed dividends	-	-	-	-	-	-	2	2
Final dividend for the year ended 31st December 2012	-	-	-	-	-	-	(15,570)	(15,570)
Recognition of equity-settled share-based payments	-	-	-	-	-	298	-	298
Lapse of share options transferred to retained earnings	-	-	-	-	-	(67)	67	-
Total transaction with owners	-	-	-	-	-	231	(15,501)	(15,270)
At 30th June 2013	<u>31,140</u>	<u>104,947</u>	<u>34,350</u>	<u>120,770</u>	<u>3,021</u>	<u>2,147</u>	<u>270,627</u>	<u>567,002</u>

Note (i): The special reserve of the Company and its subsidiaries (the "Group") represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997.

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2013

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Cash flows (used in)/from operating activities	<u>(16,955)</u>	<u>60,898</u>
Cash flows used in investing activities	<u>(16,997)</u>	<u>(7,280)</u>
Cash flows from/(used in) financing activities	<u>2,819</u>	<u>(17,128)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(31,133)</u>	<u>36,490</u>
Cash and cash equivalents at the beginning of the period	<u>116,677</u>	<u>108,404</u>
Effect of foreign exchange rate changes	<u>85</u>	<u>(190)</u>
Cash and cash equivalents at the end of the period	<u><u>85,629</u></u>	<u><u>144,704</u></u>

The notes on pages 9 to 21 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30th June 2013

1 General information

The Company was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated, which was approved for issue on 23rd August 2013.

This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's auditors.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2013 has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31st December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Principal accounting policies

The accounting policies applied in these condensed consolidated interim financial information are consistent with those described in the financial statements for the year ended 31st December 2012.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1st January 2013, the adoption of these newly effective HKFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact on the Group's results and financial position.

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31st December 2012.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as at 31st December 2012.

There have been no changes in the risk management department or risk management policies since year ended 31st December 2012.

As at 30th June 2013, the Group did not have any financial assets or financial liabilities measured at fair value (31st December 2012: same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

6 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 Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Sales of goods	436,029	523,929
Revenue from service contracts	372,325	367,090
	<u>808,354</u>	<u>891,019</u>

The chief operating decision maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess the performance and allocate resources. The Board has determined the operating segments based on the Group's internal reporting.

The Group is currently organised into two (six months ended 30th June 2012: two) operating divisions – Information Technology Products ("IT Products") and Information Technology Services ("IT Services"). These divisions are the basis on which the Group reports its primary segment information to the chief operating decision maker. The business nature of each segment is disclosed as follows:

IT Products

Being the business of information technology in supplying of information technology and associated products.

IT Services

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

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

	Unaudited Six months ended 30th June 2013		
	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Revenue from external customers	436,029	372,325	808,354
Intersegment revenue	6,503	13,839	20,342
Segment revenue	442,532	386,164	828,696
Reportable segment profit	17,129	24,231	41,360
Segment depreciation	798	5,517	6,315
Segment amortisation	–	1,515	1,515
Additions to property, plant and equipment	–	2,101	2,101
Additions to intangible assets	–	3,790	3,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

6 Revenue and segment information (Cont'd)

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

	Unaudited Six months ended 30th June 2012		Total HK\$'000
	IT Products HK\$'000	IT Services HK\$'000	
Revenue from external customers	523,929	367,090	891,019
Intersegment revenue	<u>8,225</u>	<u>15,425</u>	<u>23,650</u>
Segment revenue	532,154	382,515	914,669
Reportable segment profit	17,160	48,485	65,645
Segment depreciation	1,082	5,202	6,284
Segment amortisation	–	1,257	1,257
Additions to property, plant and equipment	96	2,643	2,739
Additions to intangible assets	<u>–</u>	<u>2,129</u>	<u>2,129</u>

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

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Unaudited			
As at 30th June 2013			
Reportable segment assets	306,687	365,796	672,483
Reportable segment liabilities	<u>205,270</u>	<u>172,382</u>	<u>377,652</u>
Audited			
As at 31st December 2012			
Reportable segment assets	294,450	379,590	674,040
Reportable segment liabilities	<u>210,656</u>	<u>167,623</u>	<u>378,279</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 other income, other loss (net share of results of associates, unallocated depreciation for property, plant and equipment that are used for all segments, 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 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 non-current assets comprise additions to property, plant and equipment and intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

6 Revenue and segment information (Cont'd)

(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, total assets and total liabilities of the Group as follows:

Revenue	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Reportable segment revenue	828,696	914,669
Elimination of intersegment revenue	(20,342)	(23,650)
Revenue per condensed consolidated income statement	<u>808,354</u>	<u>891,019</u>

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

Profit or loss	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Reportable segment profit	41,360	65,645
Unallocated amounts:		
Unallocated other income	3,881	1,060
Unallocated other loss, net	(556)	(1,953)
Unallocated depreciation	(2,815)	(2,989)
Share of results of associates	73	228
Finance costs	(273)	(76)
Unallocated corporate expenses	(29,047)	(35,023)
Profit before income tax per condensed consolidated income statement	<u>12,623</u>	<u>26,892</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

6 Revenue and segment information (Cont'd)

(b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities (Cont'd)

Assets	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Reportable segment assets	672,483	674,040
Unallocated assets:		
Interests in associates	876	804
Deferred income tax assets	978	1,441
Unallocated restricted bank deposits	2,136	3,987
Unallocated cash and cash equivalents	85,629	116,677
Unallocated corporate assets	<u>246,340</u>	<u>247,269</u>
Total assets per condensed consolidated balance sheet	<u><u>1,008,442</u></u>	<u><u>1,044,218</u></u>

Liabilities	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Reportable segment liabilities	377,652	378,279
Unallocated liabilities:		
Current income tax liabilities	2,463	908
Deferred income tax liabilities	29,889	30,324
Unallocated corporate liabilities	<u>31,436</u>	<u>60,705</u>
Total liabilities per condensed consolidated balance sheet	<u><u>441,440</u></u>	<u><u>470,216</u></u>

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

Place of domicile	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30th June		Unaudited 30th June	Audited 31st December
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	702,608	745,665	242,292	246,646
China	11,991	10,155	823	864
Macau	17,773	27,447	947	905
Singapore	27,851	26,368	46,558	47,852
Taiwan	35,777	50,259	33	172
Thailand	10,380	30,009	380	583
Others	<u>1,974</u>	<u>1,116</u>	<u>165</u>	<u>–</u>
	<u><u>808,354</u></u>	<u><u>891,019</u></u>	<u><u>291,198</u></u>	<u><u>297,022</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

7 Other income

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Interest on bank deposits	86	94
Rental income from investment properties	1,297	748
Sundry income	1,961	–
Others	537	311
	<u>3,881</u>	<u>1,153</u>

8 Other loss, net

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Deferred consideration payable		
– Fair value loss	(16)	(1,210)
Gain/(loss) on disposal of property, plant and equipment	20	(171)
Exchange loss, net	(553)	(1,083)
Net fair value gain on foreign forward exchange contract	–	253
	<u>(549)</u>	<u>(2,211)</u>

9 Finance income

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

10 Profit before income tax

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation and amortisation:		
Property, plant and equipment	9,130	9,273
Intangible assets (included in cost of services rendered)	1,515	1,257
(Gain)/loss on disposal of property, plant and equipment	(20)	171
Reversal of provision for impairment of trade receivables	(78)	(180)
Staff costs	240,838	259,202
	<u>240,838</u>	<u>259,202</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

11 Income tax expense

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Current taxation:		
Hong Kong profits tax	2,851	4,959
Overseas taxation	75	377
Under/(over)-provision in respect of prior period:		
Hong Kong profits tax	–	392
Overseas taxation	–	(9)
	2,926	5,719
Deferred taxation:		
Current period	42	(770)
Income tax expense	2,968	4,949

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June 2012: 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 or regions in which the Group operates.

12 Dividends

	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Dividend recognised as distribution during the period:		
Final dividend in respect of the year ended 31st December 2012 of 5.0 HK cents per share (six months ended 30th June 2012: year ended 31st December 2011 of 5.5 HK cents per share)	15,570	17,127

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2013 (six months ended 30th June 2012: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

13 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 Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>9,655</u>	<u>21,943</u>

	Number of shares	
	2013 '000	2012 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>311,403</u>	<u>311,403</u>

Diluted earnings per share for the six months ended 30th June 2013 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.

14 Property, plant and equipment

During the six months period ended 30th June 2013, the additions of property, plant and equipment, mainly for computers and office equipment, was approximately HK\$2,537,000 (six months ended 30th June 2012: HK\$3,763,000).

During the six months period ended 30th June 2013, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$232,000 (six months ended 30th June 2012: HK\$223,000), resulting in a gain on disposal of HK\$20,000 (six months ended 30th June 2012: loss on disposal of HK\$171,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2012 less depreciation. 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. As at 30th June 2013, the Directors of the Company considered that the carrying amount of the Group's leasehold land and buildings did not differ significantly from their fair values.

As at 30th June 2013, if the leasehold land and buildings had not been revalued, they would have been included in these condensed consolidated interim financial information at historical cost, less accumulated depreciation and amortisation with a carrying amount of approximately HK\$49,398,000 (31st December 2012: HK\$50,431,000).

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

As at 30th June 2013, the Group has pledged leasehold land and buildings with a carrying amount of approximately HK\$187,148,000 (31st December 2012: HK\$189,900,000) to secure banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

15 Investment properties

The investment properties of the Group were last revalued at 31st December 2012 by DTZ Debenham Tie Leung Limited, an independent professional valuer, on the basis of open market value which is determined by reference to market evidence of recent transactions for similar properties.

As at 30th June 2013, the Directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts did not differ significantly from their fair values.

As at 30th June 2013, the Group has pledged investment properties with a carrying amount of approximately HK\$36,400,000 (31st December 2012: HK\$36,400,000) to secure banking facilities granted to the Group.

16 Intangible assets

Customer relationships and software technology

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

Deferred development costs

During the six-month period ended 30th June 2013, the addition of deferred development costs was HK\$3,790,000 (six months ended 30th June 2012: HK\$2,129,000) for clearly-defined projects that will be recovered through future commercial activity.

Club memberships

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

17 Trade receivables

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

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Trade receivables – gross	210,634	238,264
Less: provision for impairment of receivables	<u>(658)</u>	<u>(793)</u>
Trade receivables – net	<u>209,976</u>	<u>237,471</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

17 Trade receivables (Cont'd)

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

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Current	105,086	138,026
Within 30 days	28,419	53,119
31-60 days	15,485	25,820
61-90 days	37,043	7,483
Over 90 days	24,601	13,816
	<u>210,634</u>	<u>238,264</u>

18 Other receivables, deposits and prepayments

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Other receivables	3,132	2,254
Deposits	5,398	6,295
Prepayments	16,450	9,706
Amount due from the ultimate holding company	1,388	–
Amount due from a fellow subsidiary	1,806	1,214
Amount due from an associate	3	7
	<u>28,177</u>	<u>19,476</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

19. Restricted bank deposits and cash and cash equivalents

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Cash at bank and on hand	77,624	113,566
Short-term bank deposits	<u>8,005</u>	<u>3,111</u>
Cash and cash equivalents	<u><u>85,629</u></u>	<u><u>116,677</u></u>
Restricted bank deposits	<u><u>2,136</u></u>	<u><u>3,987</u></u>

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

20. Trade payables

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Trade payables	209,321	231,778
Less: non-current portion of trade payables	<u>-</u>	<u>(854)</u>
Current portion of trade payables	<u><u>209,321</u></u>	<u><u>230,924</u></u>

As at 30th June 2013, the Group had no non-current trade payables (31st December 2012: non-current trade payables are due within five years from the balance sheet date).

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

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Current	129,683	142,399
Within 30 days	41,397	50,287
31-60 days	12,793	21,025
61-90 days	16,906	10,004
Over 90 days	<u>8,542</u>	<u>8,063</u>
	<u><u>209,321</u></u>	<u><u>231,778</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

21 Other payables and accruals

	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Other payables	5,354	9,409
Accruals	32,248	52,050
Amount due to the ultimate holding company	–	3,019
Amount due to the immediate holding company	521	441
Amount due to an associate	1,166	1,127
	<u>39,289</u>	<u>66,046</u>

22 Share capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 30th June 2013 and 31st December 2012	<u>600,000</u>	<u>60,000</u>
Issued and fully paid:		
At 30th June 2013 and 31st December 2012	<u>311,403</u>	<u>31,140</u>

23 Other financial liabilities

As at 31st December 2012, other financial liabilities represent the balance payable for the acquisition costs for an indirect wholly-owned subsidiary, i-Sprint Innovations Pte Ltd ("i-Sprint") of SGD6,800,000 (equivalent to approximately HK\$42,162,000) less progress payment of SGD5,500,000 (equivalent to approximately HK\$33,923,000). As at 30th June 2013, the Group had no other financial liabilities.

24 Contingent liabilities

As at 30th June 2013, bank deposits held as security for banking facilities and performance bonds amounted to HK\$2,136,000 (31st December 2012: HK\$3,987,000). As at 30th June 2013, the amount of performance bonds of HK\$40,970,000 (31st December 2012: HK\$55,039,000) 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 HK\$44,500,000 as at 30th June 2013 (31st December 2012: HK\$44,500,000). The amount utilised against goods supplied as at 30th June 2013 which was secured by the corporate guarantee was approximately HK\$1,403,000 (31st December 2012: HK\$887,000).

25 Pledge of assets

As at 30th June 2013, the Group's leasehold land and buildings of approximately HK\$187,148,000 (31st December 2012: HK\$189,900,000) and investment properties of approximately HK\$36,400,000 (31st December 2012: HK\$36,400,000) were pledged to secure the banking facilities of the Group.

As at 30th June 2013, the Group's restricted bank deposits of approximately HK\$2,136,000 (31st December 2012: HK\$3,987,000) were pledged to secure the banking facilities and performance bonds of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Cont'd)

26 Capital commitments

As at 30th June 2013, the Group had no contracted capital commitment (31st December 2012: HK\$365,000).

27 Seasonality

Sales of products and the provision of related services are not subject to obvious seasonal factors.

28 Related party transactions

As at 30th June 2013, Teamsun Technology (HK) Limited owns 67.05% of the Company's issued shares. The remaining 32.95% of the Company's issued shares were widely held at 30th June 2013. The ultimate parent company of the Company is Beijing Teamsun Technology Co., Ltd. (30th June 2012: same).

(a) During the period, the Group had the following transactions with related parties:

Nature of transactions	Unaudited Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Ultimate holding company:		
Purchases by the Group	430	207
Expenses charged to the Group	93	227
Sales by the Group	112	–
Other income charged by the Group	–	6
Fellow subsidiary:		
Sales by the Group	595	–
Immediate holding company:		
Purchases by the Group	252	–
Expenses charged to the Group	126	46
The associates:		
Sales by the Group	44	–
Purchases by the Group	2,090	2,650
Staff costs charged to the Group	–	54
Other income charged by the Group	61	32
Rental income charged by the Group	99	123

(b) The remuneration of key management personnel for the six months ended 30th June 2013 amounted to HK\$4,879,000 (six months ended 30th June 2012: HK\$7,822,000).

29 Event after the reporting period

On 10th July 2013, the Board resolved to adopt i-Sprint employee share ownership plan (the "Scheme") under which participants of the Scheme comprising key executives and employees of i-Sprint will be granted awards in respect of an aggregate of up to 49,962,192 existing i-Sprint Shares (representing 30% of the issued share capital of i-Sprint). Details of the above were disclosed in the Company's announcement dated 15th July 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2013, the revenue of the Group was HK\$808.4 million, lower by 9.3% compared to the same period last year.

For the six months ended 30th June 2013, product sales and service revenue were HK\$436.0 million and HK\$372.4 million, decreasing by 16.8% and increasing by 1.4% respectively compared with the corresponding period last year. Product sales and service revenue contributed 53.9% and 46.1% to total revenue respectively, compared to 58.8% and 41.2% with the corresponding period last year.

For the six months ended 30th June 2013, private and public sector sales contributed 42.9% and 57.1% to revenue respectively, compared to 46.4% and 53.6% for the corresponding period last year.

Gross profit margin and profit after income tax for the first six months were 9.3% and HK\$9.7 million, lower by 2.9% and 56.0% respectively compared to the corresponding period last year. During the period under review, the decrease in profit after income tax was mainly due to increasingly prudent IT spending, rising operating costs and keener market competition which resulted in the reduction of the gross profit.

During the six months ended 30th June 2013, orders newly secured by the Group amounted to approximately HK\$839.0 million. As of 30th June 2013, the order book balance was approximately HK\$814.1 million. The Group's net cash stood at approximately HK\$85.6 million with a working capital ratio of 1.71:1. During the period under review, the Group maintained a healthy balance sheet and outstanding loans amounted to HK\$21.3 million as at 30th June 2013.

Business Review

Although the Group's performance for the first half of 2013 was affected by a multitude of factors, the Group continued to win various sizable orders, including infrastructure, solution and services projects from both the public and private sectors. The orders demonstrated that the Group's leading position in the market remains strong.

In the public sector, the Group continued to secure numerous sizeable government or quasi-government projects, particularly on the development of Service-Oriented Architecture application, consultancy service on identity management, web accessibility as well as IT security risk assessment and security audit, for provision of quality public services and efficiency enhancement. It is worth noting that the Group stood out as the IT services provider who obtained the highest total contract value among numerous industry peers to provide quality professional services. This achievement signifies the Group's competence in providing all-round professional services and superb technical expertise in implementing large government projects, as well as the continual trust and confidence from Hong Kong government.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business Review (Cont'd)

In the private sector, the Group focused on managed services business, niche solutions and infrastructure businesses. With our extensive domain knowledge, proven methodologies and track records, the Group reaped satisfactory results in managed services. During the period, the Group won two significant managed services orders for the provision of network security upgrade for a Hong Kong's telecommunications operator and the revamp of core network for a wholly-owned subsidiary of a leading banking group in Hong Kong respectively. In addition, the Group successfully extended its desktide managed services into banking industry by providing such services to one of the oldest banks in mainland China in support of its 50 branches and offices in Hong Kong.

The Group continued to capitalise on regional opportunities. In March 2013, our subsidiary in Thailand won a multi-million dollar project for the provision of infrastructure solutions to around 250 branches in 25 provinces of a renowned bank in Thailand on a multi-year basis. Benefiting from the rising regional IT demands related to cloud computing, data center and security, the Group kept on yielding encouraging results. Such orders included the setup of private cloud infrastructure for a securities firm of a Japanese-based global financial institution in Hong Kong; completion of a container-based data center in Tianjin for one of the world's largest electronics contract manufacturers; as well as the provision of security solution of our wholly-owned subsidiary, i-Sprint Innovations Pte Ltd, to a securities company in Thailand which is under an Asia's famous securities and investment broker.

During the period under review, the Group and its parent company Beijing Teamsun Technology Co., Ltd. ("Teamsun") continued to create greater synergy. By leveraging its relationship with Teamsun, the Group secured a significant Hong Kong-mainland China project from a mainland security solutions supplier. The Group is tasked to provide IT infrastructure facilities for a renowned transportation operator in Hong Kong for its launch of a massive transportation system which will connect Hong Kong and mainland China with system completion in 2015. This project not only demonstrates satisfactory progress of the Group's cross-territories businesses, but also amplifies its strong domain knowledge in transportation industry.

Outlook and Prospects

We are re-aligning our business strategy to respond to market challenges by harnessing our solid foundations and core strengths built over 40 years.

One of our strategies will be our concentrated and continual efforts to grow our solutions and services businesses, develop self-owned Intellectual Property (IP)-based products, as well as provide our customers with high value-added services.

We will focus on private cloud computing, security operation center (SOC), managed services and data center in view of their rising demand across the region. With regard to private cloud computing, 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 offer common services.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Outlook and Prospects (Cont'd)

As far as managed services are concerned, we will vamp it up further so that we can move up our value chain for higher returns. By offering high value-added data center services such as business continuity service, maintenance support, system and network monitoring services as well as security managed service; we can use IT to help customers advance their business development. In addition, we will closely monitor regional opportunities in data center business and increase investment when timing is appropriate.

Leveraging our experience and network of subsidiaries in the Asia Pacific region, together with Hong Kong as a center of excellence, we will continue our stated strategy to further strengthen our businesses in areas outside Hong Kong, such as mainland China, Macau, Taiwan, Thailand, Singapore and Malaysia. In July 2013, we won a project from the largest independent local bank in Hong Kong to provide infrastructure for its disaster recovery sites in Shanghai and Shenzhen.

Apart from our focus on traditional systems integration business, we will continue to actively explore business opportunities regarding niche solutions, and is currently formulating new business model to further tap into more regional opportunities. In Macau, we will closely monitor opportunities brought by the flourishing gaming and hospitality industry as more hotels and gaming tables are expected to be built in future. In view of the Group's significant market share of Baccarat Score Board system in Macau and track record of such system in other countries including USA, Vietnam, Australia and Singapore, together with the Group's 80% market share of playing card management system in Macau, we are confident that more and more casinos and hotels will opt for our gaming solutions as well as other IT services.

The implementation of aforementioned strategies is complemented by quality services. Automated Systems (HK) Limited, our wholly owned subsidiary, has already earned certifications, including ISO 9001, ISO 20000 and ISO 27001, with extensive coverage of service delivery, software development and internal processes. In March 2013, the sales operation division of this subsidiary earned ISO 9001 certification in the aspect of internal process management which signifies our services are upgraded to a more comprehensive international standard. With our quality services, the Group was awarded the Hong Kong ICT Awards for its work on a project for Maxim's Caterers Limited in early 2013. We trust that such international certifications can enable the Group to provide more innovative and award-winning projects to satisfy the diverse needs of our customers.

Looking ahead, the Group will continue to optimise its human capital efficiency, reduce cost, improve services, as well as create greater synergies with Teamsun in order to expand the Group's market coverage. We believe that we are responding rapidly to market changes and is implementing appropriate transformation so as to strengthen the Group's core competencies for long-term growth and enhance our competitive edge in the market.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Resources and Liquidity

As at 30th June 2013, the Group's total assets of HK\$1,008.4 million were financed by current liabilities of HK\$411.5 million, non-current liabilities of HK\$29.9 million and shareholders' equity of HK\$567.0 million. The Group had a working capital ratio of approximately 1.71:1.

As at 30th June 2013, the Group had an aggregate composite banking facility from banks of approximately HK\$132.1 million (31st December 2012: HK\$137.8 million). The Group had pledged leasehold land and buildings and investment properties in an aggregate amount of HK\$223.5 million (31st December 2012: HK\$226.3 million) and restricted bank deposits of approximately HK\$2.1 million (31st December 2012: HK\$4.0 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\$41.0 million as at 30th June 2013 (31st December 2012: HK\$55.0 million). The Group's gearing ratio was 3.8% as at 30th June 2013 (31st December 2012: 0.5%).

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 ("HKD") and United States dollars ("USD"). The borrowings are denominated in HKD, USD, and Singapore dollars ("SGD").

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in USD, HKD and SGD. Foreign exchange exposure to USD 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 HKD to USD remains in effect. There was no material exposure to fluctuations in exchange rates and therefore no related hedging financial instrument was applied during the six months ended 30th June 2013 (six months ended 30th June 2012: to manage the foreign currency risk arising from SGD, the Group had entered into foreign forward exchange contracts and a net gain of HK\$253,000 was recognised in the Group's condensed consolidated income statement).

Contingent Liabilities

As at 30th June 2013, bank deposits held as security for banking facilities and performance bonds amounted to approximately HK\$2.1 million (31st December 2012: HK\$4.0 million). At 30th June 2013, performance bonds of HK\$41.0 million (31st December 2012: HK\$55.0 million) have been issued by the Group to customers as security of contracts.

Corporate guarantee to vendors as security for goods supplied to the Group amounted to approximately HK\$44.5 million as at 30th June 2013 (31st December 2012: HK\$44.5 million). The amount utilised against goods supplied as at 30th June 2013 which was secured by the corporate guarantee was approximately HK\$1.4 million (31st December 2012: HK\$0.9 million).

Capital Commitments

As at 30th June 2013, the Group had no contracted capital commitment (31st December 2012: HK\$0.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Employee and Remuneration Policies

As at 30th June 2013, the Group, excluding its associates, employed 1,548 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 option scheme.

ADDITIONAL INFORMATION

Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2013 (six months ended 30th June 2012: nil).

Directors' Interests in Shares and Underlying Shares

As at 30th June 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange ("Directors' Interests in Shares and Underlying Shares"), were as follows:

(a) Shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate
							% of shareholding
Automated Systems Holdings Limited	Lai Yam Ting, Ready	3,949,621	-	-	-	3,949,621	1.27%
	Hui Wing Choy, Henry	974,000	-	-	-	974,000	0.31%
Automated Systems (H.K.) Limited	Lai Yam Ting, Ready	1,070,000 ¹	-	-	-	1,070,000	N/A ²
Beijing Teamsun Technology Co., Ltd. ("Teamsun")	Hu Liankui	30,430,477	-	-	-	30,430,477	4.69%
	Wang Weihang	64,587,446	-	-	-	64,587,446	9.96%

(b) Underlying shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total
Automated Systems Holdings Limited	Hui Wing Choy, Henry	2,609,000 ³	-	-	-	2,609,000
	Leung Tat Kwong, Simon	1,020,000 ³	-	-	-	1,020,000

ADDITIONAL INFORMATION (Cont'd)

Directors' Interests in Shares and Underlying Shares (Cont'd)

Notes:

1. These shares were non-voting deferred shares.
2. The issued shares of Automated Systems (H.K.) Limited comprised 55,350,000 non-voting deferred shares and 2 ordinary shares. The 2 ordinary shares were beneficially owned by the Company.
3. Options to acquire ordinary shares of the Company, further details of which are set out in section headed "Share Option Scheme" below.

Save as mentioned above, as at 30th June 2013, none of the Directors and the chief executives of the Company had any Directors' Interests in Shares and Underlying Shares.

Substantial Shareholders

As at 30th June 2013, so far as was known to the Directors and chief executives of the Company, the interests and short positions of every person, other than Directors or chief executives of the Company in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Number of ordinary shares of the company held		Percentage of issued share capital %
	Direct interest	Deemed interest	
Teamsun Technology (HK) Limited ("Hong Kong Teamsun")	208,792,996	–	67.05
Teamsun	–	208,792,996 ¹	67.05

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 208,792,996 shares in which Hong Kong Teamsun was interested.

Save as mentioned above, as at 30th June 2013, there was no other person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

ADDITIONAL INFORMATION (Cont'd)

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") on 8th August 2002 for the purpose of providing incentives and rewards to any employee and/or Director of the Company or any of its subsidiaries. The Scheme expired on 7th August 2012. As a result, the Company can no longer grant any further share options under the Scheme. However, all share options granted prior to 7th August 2012 will remain in full force and effect.

The following table discloses movements in the Company's share options during the period:

Participants	Number of shares to be issued upon exercise of share options						At 30th June 2013	Date of grant	Exercise period	Exercise price HK\$
	At 1st January 2013	Re- classification	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors										
Hui Wing Choy,	690,000	-	-	-	-	-	690,000	19.3.2012	19.3.2013 to 18.3.2022	1.09
Henry	1,919,000	-	-	-	-	-	1,919,000	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>2,609,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,609,000</u>			
Leung Tat Kwong,	510,000	-	-	-	-	-	510,000	19.3.2012	19.3.2013 to 18.3.2022	1.09
Simon	510,000	-	-	-	-	-	510,000	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>1,020,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,000</u>			
Lau Ming Chi,	270,000	(270,000)	-	-	-	-	-	19.3.2012	19.3.2013 to 18.3.2022	1.09
Edward ²	1,656,000	(1,656,000)	-	-	-	-	-	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>1,926,000</u>	<u>(1,926,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
Other employees	5,010,000	270,000	-	-	(720,000)	-	4,560,000	19.3.2012	19.3.2013 to 18.3.2022	1.09
	2,670,000	1,656,000	-	-	(660,000)	-	3,666,000	2.5.2012	2.5.2013 to 1.5.2022	1.12
	<u>7,680,000</u>	<u>1,926,000</u>	<u>-</u>	<u>-</u>	<u>(1,380,000)</u>	<u>-</u>	<u>8,226,000</u>			
Total	<u>13,235,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380,000)</u>	<u>-</u>	<u>11,855,000</u>			

Notes:

- All of the above options will be vested equally on each of the first, second and third anniversaries of the date of grant, except for the options granted on 2nd May 2012 which will also be vested immediately in full in the event of a special dividend of the Company being declared.
- Mr. Lau Ming Chi, Edward has resigned as a director of the Company with effect from 1st February 2013.

ADDITIONAL INFORMATION (Cont'd)

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

Mr. Hui Wing Choy, Henry has been appointed as a director of Taiwan Automated Systems Limited, a wholly-owned subsidiary of the Company, with effect from 30th July 2013.

Mr. Leung Tat Kwong, Simon has been appointed as the Chairman and a director of i-Sprint Innovations (HK) Limited, a wholly-owned subsidiary of the Company, with effect from 29th May 2013. He has also ceased to be a member of the Management Committee of the Company with effect from 23rd August 2013.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30th June 2013, 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 Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules throughout the accounting period for the six months ended 30th June 2013, 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 A.6.7, one Non-Executive Director did not attend the annual general meeting and the special general meeting of the Company held on 15th May 2013 due to other commitments; and
- (c) 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.

As at 23rd August 2013, 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.