

AUTOMATED

A Member of the Teamsun Group

Automated Systems Holdings Limited

自動系統集團有限公司*

(Incorporated in Bermuda with Limited Liability)

Stock Code : 771



YOUR
TRUSTWORTHY AND
PROFESSIONAL IT PARTNER

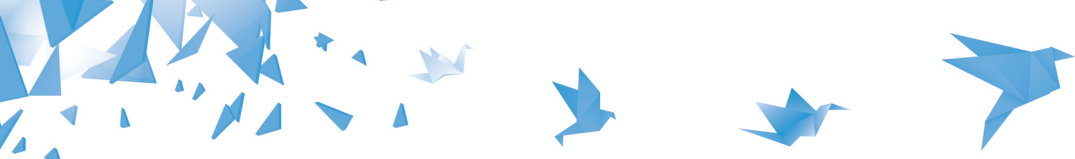
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INTERIM REPORT

For the six months ended 30th June 2016

* For identification purpose only





CONTENTS

2	Corporate Information
3	Independent Review Report
4	Condensed Consolidated Statement of Profit or Loss
5	Condensed Consolidated Statement of Comprehensive Income
6	Condensed Consolidated Statement of Financial Position
8	Condensed Consolidated Statement of Changes in Equity
10	Condensed Consolidated Statement of Cash Flows
11	Notes to the Interim Financial Information
23	Management Discussion and Analysis
27	Additional Information



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

WANG Weihang
WANG Yueou (*Acting Chief Executive Officer
and Chief Financial Officer*)

NON-EXECUTIVE DIRECTORS

LI Wei (*Chairman*)
CUI Yong

INDEPENDENT NON-EXECUTIVE DIRECTORS

PAN Xinrong
DENG Jianxin
YE Fang

AUDIT COMMITTEE

DENG Jianxin (*Chairman*)
LI Wei
PAN Xinrong
YE Fang

REMUNERATION COMMITTEE

PAN Xinrong (*Chairman*)
LI Wei
YE Fang

NOMINATION COMMITTEE

LI Wei (*Chairman*)
PAN Xinrong
DENG Jianxin

MANAGEMENT COMMITTEE

WANG Yueou (*Chairman*)
LI Wei
CUI Yong

INVESTMENT COMMITTEE

WANG Weihang (*Chairman*)
WANG Yueou
PAN Xinrong
DENG Jianxin

JOINT COMPANY SECRETARIES

WANG Yueou
NGAN Wai Hing

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

SOLICITORS

Woo Kwan Lee & Lo
Appleyby

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
(formerly known as "Appleyby Management
(Bermuda) Ltd")
Canon's Court, 22 Victoria Street,
Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 771

REGISTERED OFFICE

Canon's Court,
22 Victoria Street,
Hamilton HM12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, Topsail Plaza,
11 On Sum Street,
Shatin, New Territories,
Hong Kong



INDEPENDENT REVIEW REPORT



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 4 to 22, which comprises the condensed consolidated statement of financial position of Automated Systems Holdings Limited and its subsidiaries as at 30th June 2016 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and 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 are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

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 “Interim Financial Reporting”.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road, Wanchai

Hong Kong

17th August 2016

Shaw Chi Kit

Practising Certificate No.: P04834

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2016

	Notes	Unaudited Six months ended 30th June	
		2016 HK\$'000	2015 HK\$'000
Revenue	6	776,457	769,564
Cost of goods sold		(384,937)	(403,985)
Cost of services rendered		(308,336)	(299,943)
Other income	7	2,460	1,898
Other (loss)/gain, net	8	(6,027)	5,554
Selling expenses		(34,324)	(36,757)
Administrative expenses		(19,591)	(20,640)
Finance income	9	303	371
Finance costs		(275)	(561)
Share of results of associates		(2,591)	(3,832)
Profit before income tax	10	23,139	11,669
Income tax expense	11	(4,862)	(3,520)
Profit for the period attributable to equity holders of the Company		18,277	8,149
Earnings per share attributable to equity holders of the Company		HK cents	HK cents
Basic	13	5.21	2.36*
Diluted		5.21	2.34*

* Adjusted for bonus issue of shares in 2016.

The notes on pages 11 to 22 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2016

	Unaudited	
	Six months ended 30th June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period	18,277	8,149
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	2,813	(1,908)
Reclassification adjustment of translation reserve upon deemed disposal of partial interests in associates	-	52
Share of other comprehensive income of associates	188	113
Total comprehensive income for the period attributable to equity holders of the Company	21,278	6,406

The notes on pages 11 to 22 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2016

	Notes	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Non-current assets			
Property, plant and equipment	14	272,098	278,482
Investment properties	15	50,200	50,200
Intangible assets	16	1,515	2,349
Interests in associates		58,297	58,382
Finance lease receivables		5,383	3,943
Deferred income tax assets		158	679
		387,651	394,035
Current assets			
Inventories		114,153	106,842
Trade receivables	17	180,992	218,282
Finance lease receivables		5,266	4,254
Other receivables, deposits and prepayments	18	27,864	27,926
Amounts due from customers for contract work		236,957	248,647
Other financial asset		–	1,180
Tax recoverable		104	1,000
Restricted bank deposit	19	487	–
Cash and cash equivalents		218,556	172,955
		784,379	781,086
Total assets		1,172,030	1,175,121
Equity attributable to equity holders of the Company			
Share capital	22	35,079	31,875
Share premium		114,497	114,305
Reserves		555,220	537,170
Total equity		704,796	683,350

The notes on pages 11 to 22 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June 2016

	Notes	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Non-current liabilities			
Deferred income tax liabilities		44,542	44,510
		44,542	44,510
Current liabilities			
Trade payables	20	207,122	244,907
Other payables and accruals	21	56,913	63,730
Receipts in advance		134,848	117,521
Current income tax liabilities		3,809	1,103
Bank borrowings		20,000	20,000
		422,692	447,261
Total liabilities		467,234	491,771
Total equity and liabilities		1,172,030	1,175,121
Net current assets		361,687	333,825
Total assets less current liabilities		749,338	727,860

The notes on pages 11 to 22 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2016

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve (Note (i)) HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1st January 2015	31,186	105,528	34,350	189,646	(896)	2,259	300,764	662,837
Comprehensive income:								
Profit for the period	-	-	-	-	-	-	8,149	8,149
Other comprehensive income/(loss):								
Exchange differences on translation of overseas operations	-	-	-	-	(1,908)	-	-	(1,908)
Reclassification adjustment of translation reserve upon deemed disposal of partial interests in associates	-	-	-	-	52	-	-	52
Share of other comprehensive income of associates	-	-	-	-	113	-	-	113
Total comprehensive income for the period	-	-	-	-	(1,743)	-	8,149	6,406
Transactions with owners:								
Forfeiture of unclaimed dividends	-	-	-	-	-	-	2	2
Final dividend for the year ended 31st December 2014	-	-	-	-	-	-	(7,908)	(7,908)
Issue of ordinary shares upon exercise of share options	514	6,539	-	-	-	(1,393)	-	5,660
Recognition of equity-settled share-based payments	-	-	-	-	-	(110)	-	(110)
Lapse of share options transferred to retained earnings	-	-	-	-	-	(33)	33	-
Total transaction with owners	514	6,539	-	-	-	(1,536)	(7,873)	(2,356)
At 30th June 2015	31,700	112,067	34,350	189,646	(2,639)	723	301,040	666,887

The notes on pages 11 to 22 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June 2016

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve (Note (i)) HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1st January 2016	31,875	114,305	34,350	196,317	(6,359)	253	312,609	683,350
Comprehensive income:								
Profit for the period	-	-	-	-	-	-	18,277	18,277
Other comprehensive income:								
Exchange differences on translation of overseas operations	-	-	-	-	2,813	-	-	2,813
Share of other comprehensive income of associates	-	-	-	-	188	-	-	188
Total comprehensive income for the period	-	-	-	-	3,001	-	18,277	21,278
Transactions with owners:								
Issue of ordinary shares under the bonus issue	3,189	-	-	-	-	-	(3,189)	-
Issue of ordinary shares upon exercise of share options	15	192	-	-	-	(39)	-	168
Total transaction with owners	3,204	192	-	-	-	(39)	(3,189)	168
At 30th June 2016	35,079	114,497	34,350	196,317	(3,358)	214	327,697	704,796

Note (i): The special reserve of Automated Systems Holdings Limited (the "Company") and its subsidiaries (together, 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 11 to 22 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2016

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Operating activities		
Cash from operations	47,233	40,709
Tax paid	(821)	(810)
Overseas tax refund	114	84
Tax refund	-	3,876
Net cash from operating activities	46,526	43,859
Investing activities		
Purchase of property, plant and equipment	(2,535)	(4,344)
Proceeds from disposal of property, plant and equipment	23	19
Proceeds from disposal of other financial asset upon maturity	1,180	-
Interest received	22	24
Dividends received from associates	486	578
Net cash used in investing activities	(824)	(3,723)
Financing activities		
Repayment of bank borrowings	-	(12,000)
Proceeds from issuing shares	168	5,660
Interest paid	(275)	(561)
Dividends paid	-	(7,908)
Net cash used in financing activities	(107)	(14,809)
Net increase in cash and cash equivalents	45,595	25,327
Cash and cash equivalents at the beginning of the period	172,955	130,439
Effect of foreign exchange rate changes	6	(635)
Cash and cash equivalents at the end of the period	218,556	155,131

The notes on pages 11 to 22 form an integral part of this interim financial information.



NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30th June 2016

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.

This interim financial information is presented in thousands of units of Hong Kong dollars ("HK\$'000"), unless otherwise stated, which was approved for issue on 17th August 2016.

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

2 Basis of Preparation

This interim financial information for the six months ended 30th June 2016 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (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 interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31st December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Principal Accounting Policies

The accounting policies applied in this interim financial information are consistent with those described in the consolidated financial statements for the year ended 31st December 2015 except for the adoption of the amended HKFRSs as detailed below.

The HKICPA has issued certain amended HKFRSs that are first effective for accounting periods beginning on 1st January 2016. Of these, the following amendments are relevant to the Group:

Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Annual Improvements to HKFRSs 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i>

The adoption of these newly effective amended 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 new and amended HKFRSs 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 and Judgements

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 this 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 2015.



NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

5 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

This interim financial information does 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 consolidated financial statements for the year ended 31st December 2015.

There have been no changes in the risk management department or risk management policies since the year ended 31st December 2015.

As at 30th June 2016, the Group did not have any financial assets or financial liabilities measured at fair value (31st December 2015: other financial asset of HK\$1,180,000 measured at fair value).

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	
	2016 HK\$'000	2015 HK\$'000
Sales of goods	436,282	454,116
Revenue from service contracts	340,175	315,448
	776,457	769,564

The Board of Directors (the "Board") has been identified as the chief operating decision maker. 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 2015: 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

6 Revenue and Segment Information (Cont'd)

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

Unaudited

Six months ended 30th June 2016

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Revenue from external customers	436,282	340,175	776,457
Intersegment revenue	2,278	11,167	13,445
Segment revenue	438,560	351,342	789,902
Reportable segment profit	30,657	18,732	49,389
Segment depreciation	1,093	4,890	5,983
Segment amortisation	-	834	834
Additions to property, plant and equipment	11	2,231	2,242

Unaudited

Six months ended 30th June 2015

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Revenue from external customers	454,116	315,448	769,564
Intersegment revenue	13,272	10,311	23,583
Segment revenue	467,388	325,759	793,147
Reportable segment profit	22,040	8,319	30,359
Segment depreciation	398	4,560	4,958
Segment amortisation	-	834	834
Additions to property, plant and equipment	52	2,191	2,243

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

Unaudited

As at 30th June 2016

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Reportable segment assets	244,430	326,052	570,482
Reportable segment liabilities	214,580	149,819	364,399

Audited

As at 31st December 2015

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Reportable segment assets	310,386	302,112	612,498
Reportable segment liabilities	240,586	150,133	390,719

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

6 Revenue and Segment Information (Cont'd)

- (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, unallocated other (loss)/gain, net, unallocated depreciation for property, plant and equipment that are used for all segments, unallocated loss on disposal of property, plant and equipment, share of results of associates, finance costs and unallocated 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, unallocated restricted bank deposit, unallocated cash and cash equivalents and unallocated corporate assets (mainly include property, plant and equipment and investment properties that are used by all segments, prepayments, deposits, tax recoverable and other financial asset).

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities (mainly include accrued charges of the head office and bank borrowings).

- (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	
	2016 HK\$'000	2015 HK\$'000
Reportable segment revenue	789,902	793,147
Elimination of intersegment revenue	(13,445)	(23,583)
Revenue per condensed consolidated statement of profit or loss	776,457	769,564

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

Profit or loss	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Reportable segment profit	49,389	30,359
Unallocated amounts:		
Unallocated other income	2,234	1,898
Unallocated other (loss)/gain, net	(6,027)	5,565
Unallocated depreciation	(2,720)	(3,874)
Share of results of associates	(2,591)	(3,832)
Finance costs	(275)	(561)
Unallocated corporate expenses	(16,871)	(17,886)
Profit before income tax per condensed consolidated statement of profit or loss	23,139	11,669

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

6 Revenue and Segment Information (Cont'd)

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

	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Assets		
Reportable segment assets	570,482	612,498
Unallocated assets:		
Interests in associates	58,297	58,382
Deferred income tax assets	158	679
Unallocated restricted bank deposit	487	-
Unallocated cash and cash equivalents	218,556	172,955
Unallocated corporate assets	324,050	330,607
Total assets per condensed consolidated statement of financial position	1,172,030	1,175,121
Liabilities		
Reportable segment liabilities	364,399	390,719
Unallocated liabilities:		
Current income tax liabilities	3,809	1,103
Deferred income tax liabilities	44,542	44,510
Unallocated corporate liabilities	54,484	55,439
Total liabilities per condensed consolidated statement of financial position	467,234	491,771

The following table sets out information about the geographical segment location of the Group's revenue from external customers and its non-current assets (other than financial instruments and deferred income tax assets). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and investment properties, the location of the operations to which they are allocated in the case of the intangible assets and the location of operations in the case of interests in associates.

Place of domicile	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30th June 2016 HK\$'000	2015 HK\$'000	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Hong Kong	724,862	694,388	379,720	388,414
Mainland China	1,709	2,965	796	181
Macau	8,124	40,020	1,003	120
Taiwan	12,247	18,008	456	560
Thailand	29,515	14,183	135	138
	776,457	769,564	382,110	389,413

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

7 Other Income

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Interest on bank deposits	22	24
Rental income from investment properties	1,959	1,459
Others	479	415
	2,460	1,898

8 Other (Loss)/Gain, Net

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Loss on disposal of property, plant and equipment	(195)	(42)
Gain on deemed disposal of partial interests in associates (note 23)	-	5,281
Provision for customers' claim (note 24)	(6,300)	-
Exchange gain, net	468	315
	(6,027)	5,554

9 Finance Income

Finance income represents accretion of discount recognised upon initial recognition of finance lease receivables to their fair values (six months ended 30th June 2015: same).

10 Profit Before Income Tax

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation and amortisation:		
Property, plant and equipment	8,704	8,832
Intangible assets (included in cost of services rendered)	834	834
Provision for impairment of trade receivable	1	-
Reversal of provision for impairment of trade receivables	-	(156)
Staff costs	213,645	204,395
Provision for customers' claim (note 24)	6,300	-

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

11 Income Tax Expense

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Current taxation:		
Hong Kong profits tax	4,425	2,140
Overseas taxation	-	12
(Over)/Under-provision in respect of prior period:		
Hong Kong profits tax	(2)	872
Overseas taxation	(114)	-
	4,309	3,024
Deferred taxation:		
Current period	553	496
Income tax expense	4,862	3,520

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June 2015: 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 and regions in which the Group operates.

12 Dividends

	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Dividend recognised as distribution during the period:		
Final dividend in respect of the year ended 31st December 2014 of 2.5 HK cents per share	-	7,908

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2016 (six months ended 30th June 2015: nil).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

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	
	2016 HK\$'000	2015 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	18,277	8,149
	Number of shares	
	2016 '000	2015 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	350,751	345,104*
Effect of deemed issue of shares under the Company's share option scheme	134	2,980*
Weighted average number of ordinary shares for the purpose of diluted earnings per share	350,885	348,084*

* Adjusted for bonus issue of shares in 2016 (refer to note 22).

14 Property, Plant and Equipment

During the six months ended 30th June 2016, the additions of property, plant and equipment, mainly for computer and office equipment and furniture and fixtures, was approximately HK\$2,535,000 (six months ended 30th June 2015: HK\$4,344,000).

During the six months ended 30th June 2016, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$218,000 (six months ended 30th June 2015: HK\$61,000), resulting in a loss on disposal of HK\$195,000 (six months ended 30th June 2015: HK\$42,000).

The Group's leasehold land and buildings were stated at valuations made at 31st December 2015 less depreciation. The leasehold land and buildings were last revalued by an independent professional valuer at 31st December 2015 at market value basis which was determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2016, 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 2016, if the leasehold land and buildings had not been revalued, they would have been included in this interim financial information at historical cost, less accumulated depreciation and amortisation with a carrying amount of approximately HK\$43,197,000 (31st December 2015: HK\$44,230,000).

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

As at 30th June 2016, the Group had pledged leasehold land and buildings with a carrying amount of approximately HK\$103,780,000 (31st December 2015: HK\$105,450,000) to secure banking facilities granted to the Group as disclosed in Note 25.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

15 Investment Properties

The investment properties of the Group were last revalued at 31st December 2015 by an independent professional valuer at market value basis, which was determined by reference to market evidence of recent transactions for similar properties.

As at 30th June 2016, 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.

16 Intangible Assets

Intangible assets of the Group represented deferred development costs. During the six months ended 30th June 2016, the Group had no addition of deferred development costs (six months ended 30th June 2015: nil) for clearly-defined projects that will be recovered through future commercial activities.

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 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Trade receivables – gross	181,591	218,880
Less: provision for impairment	(599)	(598)
Trade receivables – net	180,992	218,282

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

	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Current	96,914	128,235
Within 30 days	23,155	50,118
31 – 60 days	23,223	14,535
61 – 90 days	13,486	6,292
Over 90 days	24,813	19,700
	181,591	218,880

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

18 Other Receivables, Deposits and Prepayments

	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Other receivables	4,603	5,093
Deposits	6,030	5,667
Prepayments	17,168	15,564
Amount due from the immediate holding company	13	13
Amount due from an associate	50	1,589
	27,864	27,926

19 Restricted Bank Deposit

As at 30th June 2016, restricted bank deposit represented fixed term deposit placed in commercial bank that was pledged against performance bonds granted to the Group (31st December 2015: nil).

20 Trade Payables

An ageing analysis of the trade payables as at the end of the reporting period, based on payment due date, is as follows:

	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Current	147,803	158,126
Within 30 days	34,365	58,112
31 – 60 days	14,397	15,268
61 – 90 days	3,397	2,355
Over 90 days	7,160	11,046
	207,122	244,907

21 Other Payables and Accruals

	Unaudited 30th June 2016 HK\$'000	Audited 31st December 2015 HK\$'000
Other payables	3,678	4,855
Accruals	43,367	56,669
Provision for customers' claim (note 24)	6,300	–
Amount due to the ultimate holding company	71	55
Amounts due to associates	3,497	2,151
	56,913	63,730

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

22 Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January 2015, 31st December 2015 and 30th June 2016	600,000	60,000
Issued and fully paid:		
At 1st January 2015	311,863	31,186
Issue of ordinary shares upon exercise of share options	6,886	689
At 31st December 2015 and 1st January 2016	318,749	31,875
Issue of ordinary shares upon exercise of share options	150	15
Issue of ordinary shares under the bonus issue (Note)	31,890	3,189
At 30th June 2016	350,789	35,079

Note:

On 18th May 2016, an ordinary resolution was duly passed by the shareholders of the Company at the Annual General Meeting to approve the bonus issue ("Bonus Issue") of shares of HK\$0.1 each which was issued on the basis of one (1) bonus share ("Bonus Share(s)") for every ten (10) existing shares on the Record Date (i.e. 30th May 2016), by the qualifying shareholders of the Company. As at the Record Date, there were a total of 318,899,000 Shares in issue, the number of Bonus Shares issued under the Bonus Issue was 31,889,900.

23 Deemed Disposal of Partial Interests in Associates

On 9th March 2015, i-Sprint Innovations Pte Ltd ("i-Sprint"), an associate of the Company, and Mr. Hu Liankui ("Mr. Hu"), the Non-Executive Director and Chairman of the Company at that time, entered into a share subscription agreement pursuant to which i-Sprint has agreed to issue and allot and Mr. Hu has agreed to subscribe for 60,392,850 new shares of i-Sprint, representing 17.46% of the enlarged issued share capital of i-Sprint thereafter for a consideration of US\$5,000,000 (equivalent to approximately HK\$38,778,000) (the "Subscription"). The Subscription has been completed on 27th March 2015 (the "Completion"). Mr Hu resigned as the Non-Executive Director and Chairman of the Board due to his retirement with effect from 30th September 2015.

Upon the Completion, the Group's percentage of shareholding in i-Sprint was diluted from 48.22% to 39.80%, a gain of HK\$5,281,000 was recognised in the condensed consolidated statement of profit or loss and cumulated translation reserve in respect of the net assets of the associates of HK\$52,000 was reclassified to profit or loss during the six months ended 30th June 2015.

24 Contingent Liabilities

As at 30th June 2016, the Group had HK\$487,000 restricted bank deposit held as security for performance bonds (31st December 2015: nil). As at 30th June 2016, performance bonds of approximately HK\$53,620,000 (31st December 2015: HK\$52,257,000) have been issued by the bank on behalf of the Group to customers as security of contracts.

The Group is involved in disputes arising in the ordinary course of business. In accordance with the Group's policies, the Group will make a provision for a liability when it has a present obligation as a result of a past event, it is probable that an outflow of resources will be required from the Group to settle the obligation and the amount can be reasonably estimated. Having reviewed outstanding claims of the Group, a provision for customers' claim of HK\$6,300,000 was consequently recognised in condensed consolidated statement of profit or loss within other (loss)/gain, net.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2016

24 Contingent Liabilities (Cont'd)

The Group reviews these provisions in conjunction with any related provisions on assets related to the claims and adjusts these provisions to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other pertinent information related to the case. Should developments in any of these matters cause a change in the Group's determination as to an unfavourable outcome and result in the need to recognise a material provision, or, should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have an adverse effect on the Group's results of operations, cash flows, and financial position in the year or years in which such a change in determination, settlement or judgment occurs.

25 Pledge of Assets

As at 30th June 2016, the Group's leasehold land and buildings of approximately HK\$103,780,000 (31st December 2015: HK\$105,450,000) were pledged to secure the banking facilities of the Group.

As at 30th June 2016, the Group's restricted bank deposit of approximately HK\$487,000 was pledged to secure the performance bonds of the Group (31st December 2015: nil).

26 Capital Commitments

As at 30th June 2016, the Group had no contracted capital commitment (31st December 2015: HK\$246,000).

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 2016, Teamsun Technology (HK) Limited owns 65.47% of the Company's issued shares (31st December 2015: 65.50%). The remaining 34.53% of the Company's issued shares (31st December 2015: 34.50%) were widely held. The ultimate holding company of the Company is Beijing Teamsun Technology Co., Ltd.

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

Nature of transactions	Unaudited Six months ended 30th June	
	2016 HK\$'000	2015 HK\$'000
Ultimate holding company:		
Purchase by the Group	-	37
Expenses charged to the Group	143	164
Sales by the Group	35	112
Fellow subsidiaries:		
Purchase by the Group	-	414
Sales by the Group	-	88
The associates:		
Purchase by the Group	6,715	5,326
Other income charged by the Group	70	138
Rental income charged by the Group	167	162

Sales and purchase of the goods and services are transacted at normal commercial terms that are consistently applied to all customers and vendors.

(b) The remuneration of key management personnel for the six months ended 30th June 2016 amounted to approximately HK\$992,000 (six months ended 30th June 2015: HK\$1,912,000).



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2016, total revenue of the Group was HK\$776.5 million, representing a 0.9% increase from the corresponding period last year. As compared with the corresponding period last year, product sales was decreased by 3.9% to HK\$436.3 million while service revenue was increased by 7.8% to HK\$340.2 million. For the six months ended 30th June 2016, product sales and service revenue contributed 56.2% and 43.8% to total revenue respectively, compared to 59.0% and 41.0% for the corresponding period last year.

For the six months ended 30th June 2016, commercial and public sector sales contributed 42.5% and 57.5% to total revenue respectively, compared to 41.7% and 58.3% for the corresponding period last year.

Gross profit margin for the first six months was 10.7%, an increase in gross profit by 26.7% compared to the corresponding period last year. Such increase was mainly attributable to the ongoing implementation of various measures relating to human resources integration, effectiveness of operational efficiency and marketing promotion.

During the period under review, the Group recorded a profit attributable to the Company's equity holders of HK\$18.3 million, a rise of 124.3% compared to the corresponding period last year of HK\$8.1 million. The positive momentum was mainly driven by an increase in the order book by 11.9% and a decrease in operating costs by 1.9%. Simultaneously, the share of loss of associates by the Group was decreased by 32.4%.

For the six months ended 30th June 2016, orders newly secured by the Group amounted to approximately HK\$761.9 million. As at 30th June 2016, the order book balance was approximately HK\$867.8 million, an increase of HK\$92.4 million compared to the corresponding period last year. The Group's net cash stood at approximately HK\$219.0 million with a working capital ratio of 1.86:1. The Group maintained a healthy financial position and outstanding borrowings amounted to HK\$20.0 million as at 30th June 2016.

Business Review

The Group, continuously focusing on five key solutions and services pillars (i.e. Infrastructure, Security, Data Intelligence, Mobile and Cloud) in 2016, has been consistent in its development strategy and has made remarkable progress during the period under review. In respect of the managed service business, the result was particularly impressive. As there is an increasing demand for enhancing operational efficiency from the public and private sectors in Hong Kong and the Greater China region, the Group has successfully introduced a "customer-oriented" concept to various locally-based enterprises through providing long-term Information Technology ("IT") managed services and those enterprises may outsource their IT support and management operations from their internal IT departments. This has considerably increased the business flexibility of those enterprises and, with the performance pledge made by the Group, further increased their support service standard and coverage.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business Review (Cont'd)

Following the establishment of Automated Center of Excellence (ACoE) and Security Operation Center *Plus* ("SOC+") last year, the Group has expanded its Service Center and improved its IT infrastructure to meet customers' buoyant demand for IT Service Management (ITSM), resulting in the provision of one-stop IT managed service support for customers during the period under review. Running 24 hours a day throughout the year, the Service Center is not only providing clients with a more convenient and reliable central service platform, but also swifts support for different IT problems. The Center is highly scalable and capable of responding promptly to the fast-changing market. Moreover, the Center has been accredited with the ISO 20000-1:2011 International Standard for IT Service Management System certification and the ISO 9001:2008 Quality Management System certification, thus highlighting the Group's competence in delivering IT services that meet the international standards. The establishment of the Service Center further shows the Group's competency to conduct more large-scale and sophisticated projects, as well as offer a wide spectrum of extensive services and support. The Center also helps to underscore the Group's determination to grasp the aforementioned emerging opportunities in managed services.

The Group has persistently focused on the provision of IT-related professional services and has long identified the South China region as a market with enormous development potential. Correspondingly, the Group has expanded its Offshore Delivery Excellence Center ("ODEC") in Guangzhou in the first half year. This arrangement has broadened the talent pool for application development and substantially enhanced the cost effectiveness of projects and quality of service delivery.

Outlook and Prospects

The rapid growth of Cloud and big data is being followed by rising cases of cyber attacks and hacker invasions, which have already caused enterprises to incur tremendous losses and brought widespread concerns to society. International Data Corporation (IDC) expects that 55% of enterprises in the Asia Pacific region (excluding Japan) will rely on third parties to manage their internal security infrastructure by the end of 2017. It is therefore expected that SOC+, with provision of comprehensive managed security solution services which was set up in July last year, would continue to benefit from this trend. Moreover, to raise the level of cybersecurity of banks in Hong Kong, the Hong Kong Monetary Authority launched the "Cybersecurity Fortification Initiative" in May this year. The Initiative is a supervisory requirement, under which banks in Hong Kong have to implement IT security-related measures to protect themselves from unexpected cyber attacks. With the Group's well-established reputation in the security market, a loyal customer base, the well-equipped SOC+, and a professional security team comprising over 100 certified staff, the Group has a definite advantage in being one of the few competent managed security services providers in the market. The Group is fully capable of offering flexible and reliable local services regarding system security assessment, security infrastructure, network surveillance, issues management and security strategy formulation consultancy, etc. We have confidence to our ability to assist corporations in developing a regulated and safe IT environment which meets international standards.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Outlook and Prospects (Cont'd)

As an IT company with substantial techniques, the Group is continuously searching for opportunities to advance IT development. The Group has entered into an agreement with a leading new-energy vehicle integrated service provider in Mainland China in mid-2016 for setting up a joint venture. Under the agreement, a research and development center will be established, and we expect both will benefit from the synergies generated by sharing and complementing of the resources. Through the new corporation, it will not only provide stable and high-standard technical support to each other, but also further expand the ODEC's talent pool, which was enlarged at the beginning of the year, and will improve its service delivery level and capacity. The cooperation will potentially help opening up business opportunities in Mainland China, particularly in South China region, for the long-term development of the Group.

Looking ahead, since more uncertainties will be arisen in the macro environment, such as the sluggish global economy, global political tension and Brexit as well as slow economic growth of Hong Kong; the Group will face more challenges and pressures, such as maintaining or further enhancing the service quality to sustain its competitive edge, despite possibly lower order prices. Nevertheless, the Group will strenuously consolidate its leading position in the IT industry and leverage its competitiveness through the development of innovative technologies and grasping new opportunities for the development of the Group in the future.

Financial Resources and Liquidity

As at 30th June 2016, the Group's total assets of HK\$1,172.0 million were financed by current liabilities of HK\$422.7 million, non-current liabilities of HK\$44.5 million and shareholders' equity of HK\$704.8 million. The Group had a working capital ratio of approximately 1.86:1.

As at 30th June 2016, the Group had an aggregate composite banking facility from banks of approximately HK\$170.0 million (31st December 2015: HK\$180.0 million). The Group had pledged leasehold land and buildings in an aggregate amount of HK\$103.8 million (31st December 2015: HK\$105.5 million) and restricted bank deposit HK\$0.5 million (31st December 2015: nil) for performance bonds granted to the Group. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$53.6 million as at 30th June 2016 (31st December 2015: HK\$52.3 million). The Group's gearing ratio (total borrowings over total equity) was 2.8% as at 30th June 2016 (31st December 2015: 2.9%).

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, clean import 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 bank borrowings are denominated in HKD.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in HKD and USD. 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 2016 (six months ended 30th June 2015: same).

Contingent Liabilities

As at 30th June 2016, the Group had HK\$0.5 million restricted bank deposit held as security for performance bonds (31st December 2015: nil). As at 30th June 2016, performance bonds of approximately HK\$53.6 million (31st December 2015: HK\$ 52.3 million) had been issued by the bank on behalf of the Group to customers as security of contracts.

The Group is involved in disputes arising in the ordinary course of business. In accordance with the Group's policies, the Group will make a provision for a liability when it has a present obligation as a result of a past event, it is probable that an outflow of resources will be required from the Group to settle the obligation and the amount can be reasonably estimated. Having reviewed outstanding claims of the Group, a provision for customers' claim of HK\$6.3 million was consequently recognised in condensed consolidated statement of profit or loss within other (loss)/ gain, net.

The Group reviews these provisions in conjunction with any related provisions on assets related to the claims and adjusts these provisions to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other pertinent information related to the case. Should developments in any of these matters cause a change in the Group's determination as to an unfavourable outcome and result in the need to recognise a material provision, or, should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have an adverse effect on the Group's results of operations, cash flows, and financial position in the year or years in which such a change in determination, settlement or judgment occurs.

Capital Commitments

As at 30th June 2016, the Group had no contracted capital commitment (31st December 2015: HK\$0.2 million).

Employee and Remuneration Policies

As at 30th June 2016, the Group, excluding its associates, employed 1,259 permanent and contract staff in Hong Kong, Mainland China, Taiwan, Macau, and Thailand. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share option scheme.

ADDITIONAL INFORMATION

Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2016 (six months ended 30th June 2015: nil).

Directors' Interests in Shares and Underlying Shares

As at 30th June 2016, the interests or 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; 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
Beijing Teamsun Technology Co., Ltd. ("Teamsun")	Wang Weihang	91,913,216	-	-	-	91,913,216	10.23%
	Li Wei	240,520	-	-	-	240,520	0.03%

(b) Underlying shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate % of Shareholding
Teamsun	Li Wei	280,000 ¹	-	-	-	280,000	0.03%
	Cui Yong	350,000 ¹	-	-	-	350,000	0.04%

Notes:

1. Restricted shares of Teamsun may unlock and trade on stock exchange after unlocking conditions are met pursuant to Teamsun's second phase of equity incentive plan, details of which were disclosed in Teamsun's announcements dated 27th May 2015 and 14th July 2015.

Save as mentioned above, as at 30th June 2016, none of the Directors and the chief executives of the Company had any Directors' Interests in Shares and Underlying Shares.



ADDITIONAL INFORMATION (Cont'd)

Substantial Shareholders

As at 30th June 2016, 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholder	Nature	Number of ordinary shares of the company held		Percentage of issued share capital
		Direct interest	Deemed interest	
Teamsun Technology (HK) Limited ("Hong Kong Teamsun")	Long Position	229,672,295	-	65.47%
Teamsun	Long Position	-	229,672,295 ¹	65.47%

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 229,672,295 shares in which Hong Kong Teamsun was interested.

Save as mentioned above, as at 30th June 2016, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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.

ADDITIONAL INFORMATION (Cont'd)

Share Option Scheme (Cont'd)

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

Participants	At 1st January 2016	Number of shares to be issued upon exercise of share options					At 30th June 2016	Date of grant	Adjusted Exercise Period	Adjusted Exercise Price HK\$ (Note 1)
		Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Adjusted during the period (Note 1)				
Other Employees	360,000	-	-	-	-	36,000	396,000	19.3.2012	19.3.2013 to 18.3.2022	0.99
	590,000	-	(150,000)	-	-	44,000	484,000	2.5.2012	2.5.2013 to 1.5.2022	1.02
Total	950,000	-	(150,000)	-	-	80,000	880,000			

Notes:

1. The number of outstanding share options and exercise price were adjusted as a result of the bonus issue of shares of the Company on 15th June 2016, the details of which are disclosed in the Company's announcement dated 15th June 2016.
2. All of the above options were vested equally on each of the first, second and third anniversaries of the date of grant.
3. No Director held any share options during six months ended 30th June 2016.
4. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$1.40.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2016, neither the Company nor any of its subsidiaries 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, risk management and internal control systems and financial reporting matters including the review of the unaudited interim results.



ADDITIONAL INFORMATION (Cont'd)

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Rules governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the change in information of Directors of the Company is set out below:

1. Mr. Li Wei further entered into a secondment agreement with the Company for a term of one year with effect from 1st July 2016. The annual director's fee payable to Mr. Li is HK\$55,000 for serving on the Board, HK\$22,000 for serving as the Chairman of the Board and HK\$480,000 for secondment of monitoring the Group's operation temporarily, which is determined with reference to Mr. Li's duties and responsibilities.
2. Mr. Wang Yueou will be re-designated from the Acting Chief Executive Officer to the Chief Executive Officer of the Company and resigned as the Chief Financial Officer and the Joint Company Secretary of the Company with effect from 1st September 2016. He entered into a new service contract with the Company for a term of three years with effect from 1st September 2016, in replacement of his original service contract dated 17th September 2015 with the Company. His directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-laws. In accordance with the new service contract, Mr. Wang is entitled to a basic annual salary of HK\$1,539,000, a performance-related incentive payment calculated based on measurable performance contribution of the Group and other benefits in kind. Mr. Wang's remuneration is determined with reference to his duties and responsibilities, experience, performance and market conditions.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted 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 2016, 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 to the Listing Rules throughout the accounting period for the six months ended 30th June 2016, except as noted below:

- (a) with respect to Code provision A.6.7, one Non-Executive Director did not attend the annual general meeting of the Company held on 18th May 2016 (the "2016 AGM") due to other commitments; and
- (b) with respect to Code provision E.1.2, Mr. Li Wei, the Chairman of the Board, was unable to attend the 2016 AGM due to other commitments.

As at 17th August 2016, the Board comprises Mr. Wang Weihang and Mr. Wang Yueou being Executive Directors; Mr. Li Wei and Mr. Cui Yong being Non-Executive Directors; and Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Ye Fang being Independent Non-Executive Directors.