

INTERIM RESULTS

The Board of Directors (the "Directors") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 1999 together with the comparative figures for the corresponding period in 1998 as follows:-

		Six months ended 30th June	
		1999	1998
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		380,259	281,174
Operating profit		19,105	18,770
Share of profit of an associated company		7,605	1,773
Profit before taxation		26,710	20,543
Taxation	2	(5,700)	(4,443)
Net profit attributable to shareholders		21,010	16,100
Interim dividend	3	5,600	5,600
Earnings per share	4		
Basic		7.5 cents	5.8 cents
Diluted		7.3 cents	5.7 cents

Notes:

1. Basis of consolidation and presentation

The consolidated results include the profit or loss of the Group made up to the six months ended 30th June, 1999 and 1998 respectively and are prepared on the same basis of consolidation for both periods. The results of the subsidiaries and associated companies acquired and disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, respectively.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. Taxation

	Six months ended 30th June	
	1999 HK\$'000	1998 HK\$'000
Group:		
Hong Kong profits tax	3,799	4,000
Associated company:		
Overseas taxation	1,901	443
	<u>5,700</u>	<u>4,443</u>

Hong Kong profits tax has been provided at the rate of 16% (1998: 16%) on the estimated assessable profits which was earned in or derived from Hong Kong during the period.

Provision for taxation of the profit of the associated company operating overseas has been calculated at the rate of taxation prevailing in the country in which the associated company operates.

3. Interim Dividend

The Directors declared an interim dividend of 2.0 cents per share (1998: 2.0 cents) for the six months ended 30th June, 1999 to shareholders whose names appear on the register of members of the Company on 17th September, 1999. The dividend warrants will be despatched on 28th September, 1999.

4. Earnings per share

Basic and diluted earnings per share are based on the net profit attributable to shareholders of HK\$21,010,000 (1998: HK\$16,100,000). The basic earnings per share is based on the weighted average number of 280,000,000 shares (1998: 280,000,000 shares) in issue during the period. The diluted earnings per share is based on 286,857,820 shares which is the weighted average of shares in issue during the period plus the weighted average of 6,857,820 shares deemed to be issued at no consideration if all outstanding share options have been exercised.



CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 13th September, 1999 to 17th September, 1999, both days inclusive during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tengis Limited, 1601 Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 10th September, 1999.

BUSINESS REVIEW

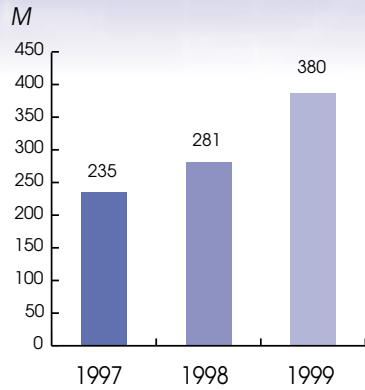
Results

Despite the difficult economic environment, the Group has once again achieved strong results for the six months ended 30th June, 1999. For the period under review, the Group's turnover increased 35%, amounting to HK\$380,259,000, due to the outstanding performance in the government and education sectors. Profit attributable to shareholders was HK\$21,010,000, a 30% increase over the HK\$16,100,000 recorded for the same period last year. Earnings per share were HK\$7.5 cents.

As the Group paid off its only long term debt, the mortgage loan of its Shatin office premises, during the period under review, long term gearing decreased from 11% last year to zero at the present moment. With the high cash balance of HK\$79 million currently being available, the Group continues to enjoy a strong and healthy financial position.

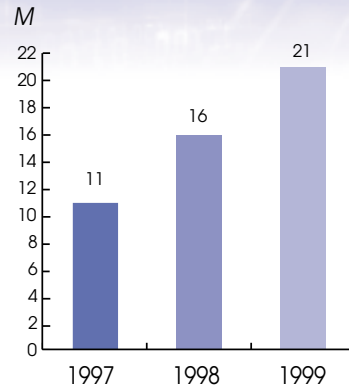
Turnover

(For the six months ended 30th June)



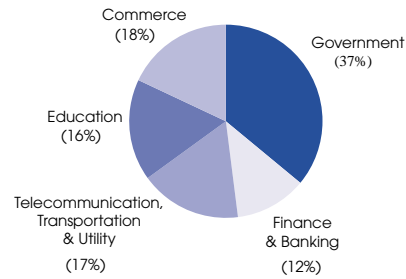
Net Profit Attributable to Shareholders

(For the six months ended 30th June)



Turnover by Customer

(For the six months ended 30th June, 1999)



Contracts Won

During the first half of 1999, the Group was proud to achieve several major milestones by winning a number of significant contracts in the government and education sectors. Business in these two sectors, amongst others, experienced the most outstanding growth, providing the greatest contribution to the strong growth in the Group's total turnover.

In the government sector, the Group won an UNIX bulk contract worth HK\$67 million, and a PC and network bulk contract worth HK\$237 million. Total value for these two contracts reached well over HK\$300 million.

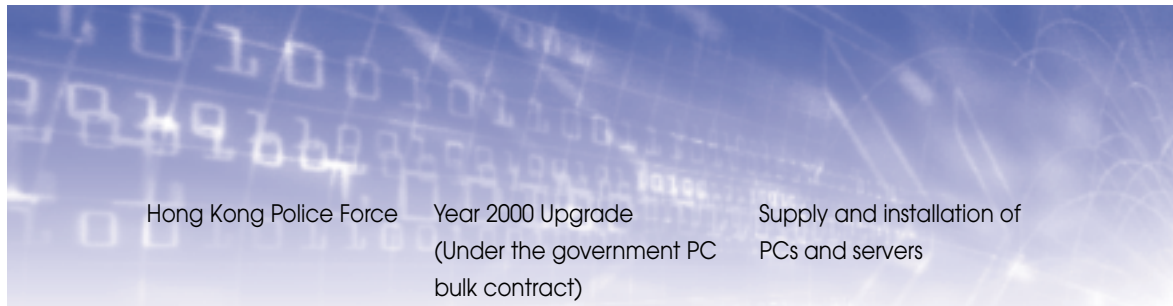


With regard to the education sector, the Group procured many orders for high-performance Sun servers. Among these were a new order from the Vocational Training Council for the installation of Sun's sophisticated SuperComputer as well as a third SuperComputer order from the Hong Kong Polytechnic University. The Group has also been appointed as an approved IT supplier for the Education Department, in the supply of hardware systems & related services to around 1,300 primary and secondary schools in Hong Kong over a period of 30 months. This is expected to bring in tremendous business opportunities to the Group, with a value reaching over a hundred million dollars during the period.

These sizeable contracts provide substantial revenues for the Group during execution, they also open up opportunities for the provision of training, engineering and software support services upon the completion of these contracts. Revenue from the service business generally offers higher profit margins and is both stable and recurrent in nature.

Projects Worth Over HK\$2 Million - January To June 1999

Customers	Projects	Content
Cable & Wireless HKT	Payment Authorization & Management System	System design, application development, supply of hardware and software products
Cable & Wireless HKT	Portal Project	Application development, supply of hardware and software products
Lands Department	Y2K Compliance Rectification of and Linkage to Computerized Land Information System	Data migration, software upgrade and hardware replacement



Hong Kong Police Force	Year 2000 Upgrade (Under the government PC bulk contract)	Supply and installation of PCs and servers
Education Department	School Administration & Migration System Workstation Replacement Project (Under the government PC bulk contract)	Supply, delivery and installation of PCs, replacement of old workstations
Department of Justice	Office Automation (Under the government PC bulk contract)	Supply and installation of PCs & servers, connect the computer systems to Government Communications Network
Standard Chartered Bank	Front-end Dealing System (FEDS)	Supply and installation of high end servers
Architectural Services Department	CAD Expansion Project	Responsible for systems integration, network migration, upgrade and replacement of servers
Urban Services Department	Sportix System Enhancement	Responsible for system enhancement, supply and installation of servers and PCs Provide maintenance services

Inland Revenue Department	Terminal Replacement (Under the government PC bulk contract)	Supply and installation of servers & PCs and responsible for maintenance services
Chinese University of Hong Kong	Academic Computing & Research	Supply and installation of high end servers and connection of systems to the high capacity disk array storage system
Hong Kong Polytechnic University	High Performance Computing Project	Supply and set up of high-end servers, install backup software and raid disk for storage
City University of Hong Kong	Super Computer Upgrade	Supply of system boards
Hong Kong Institute of Education	Database Servers Consolidation	Supply and installation of high end servers, provide maintenance services
Six Government Departments	UNIX Systems Upgrade in Various High Performance Computing Projects (Under the government UNIX bulk contract)	Supply and installation of high end servers, turnkey solutions and storage equipment Provide consulting, project management, system design and implementation services



Change of Ultimate Controlling Shareholder


In February 1999, the US-listed Computer Sciences Corporation ("CSC") acquired the controlling shareholding of our parent company, CSA Holdings Ltd. As a result, the Group has become an indirect subsidiary of CSC. CSC is highly reputable for the provision of management and IT consulting, systems integration and outsourcing capabilities to sizeable commercial and government clients around the world. Therefore, CSC's investment in the Group fits very well in the Group's expansion plan for winning much more large-scale projects and the government's outsourcing projects.

PROSPECTS

The Hong Kong SAR government is vigorously pushing the use of IT in education and across the government departments. It has also announced that it would outsource all of its new projects to third parties and is strongly supporting the development of a "Cyberport" and a "Science Park" in Hong Kong. These initiatives are creating tremendous business opportunities and generating a boom in Hong Kong's IT industry. Since the Group has demonstrated its capability in winning government and education contracts over the past 26 years, it has full confidence in capturing these arising business opportunities.

The Internet applications are growing in Hong Kong at an astonishing pace. E-commerce, computer stock trading and Net TV, are just some of the innovations that emerging one after the other, to generate a boom in the IT industry in Hong Kong. Over the years the Group has actively participated in projects for telecom companies, Internet service providers and e-commerce companies. With profound experience in these Net-related projects, the Group will penetrate into this business area at full speed.

The Group has been actively exploring the huge potential of the Windows NT business in Hong Kong. Since March 1999, in partnership with Microsoft, the Group has set up a "first-of-its-kind" Windows NT solution centre in the Shatin office. It will help demonstrate and promote Windows NT based solutions to business enterprises and organizations in Hong Kong.



Looking ahead, the Group will consolidate its position as a leading total IT services provider in the region. The total commitment to customer service excellence has been the Group's important attribute in winning customers' trust and satisfaction. To further enhance our service quality, the Group has set up a customer service response centre and is currently implementing the ISO9000 certification standards. In addition, the Group will further develop its service business such as the provision of outsourcing capabilities and help-desk service.

In view of the Group's strong financial standing, solid track record and proactive business strategy, the Group is optimistic with regard to its performance in the coming future.

DIRECTORS' INTERESTS

As at 30th June, 1999, the interests of the directors and their associates in the share capital and share options of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance were as follows:

I. Interests in the Company:

(a) Company's share

Name	Nature of interest	Number of ordinary shares
Peter KUO Chi Yung	Personal	8,119,241
LAI Yam Ting	Personal	4,059,621
Desmond LAU Chi Chiu	Personal	4,059,621

(b) Company's options

Details of share options granted to directors which remained outstanding as at 30th June, 1999 were as follows:

Name	Date granted	Exercise Price (HK\$)	Exercisable Period		Number of option shares outstanding at	
			From	To	Granted	30-06-99
Peter KUO Chi Yung	26-01-1998	0.31	27-01-2000	27-01-2008	490,000	490,000
	02-03-1999	0.91	03-03-2001	03-03-2009	500,000	500,000
LAI Yam Ting	26-01-1998	0.31	27-01-2000	27-01-2008	490,000	490,000
	02-03-1999	0.91	03-03-2001	03-03-2009	490,000	490,000
Edward LAU Ming Chi	26-01-1998	0.31	27-01-2000	27-01-2008	150,000	150,000
	02-03-1999	0.91	03-03-2001	03-03-2009	250,000	250,000

II. Interests in Associated Corporations

Name of Subsidiary	Name of Director	Nature of interest	Number of non-voting deferred shares
Automated Systems (H.K.) Limited	Peter KUO Chi Yung	Personal	2,140,000
	LAI Yam Ting	Personal	1,070,000
	Desmond LAU Chi Chiu	Personal	1,070,000

Notes:

Save as disclosed above and certain nominee interests in the subsidiaries held in trust for the benefit of the Company, no director held any interest, beneficial or non-beneficial, in the share capital of the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 1999, according to the register kept by the Company under section 16(1) of the SDI Ordinance, CSA Holdings Ltd., which held 189,701,896 shares was the only registered interest in 10% or more of the issued share capital of the Company.



CODE OF BEST PRACTICE

Except for the Company's independent non-executive directors not being appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws, none of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 1999, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

YEAR 2000 PROBLEM

The Year 2000 compliant is generally known as the Y2K problem or the Millennium Bug. It has long been a common practice that computer systems and electronic devices store the calendar year in a two-digit form to save computer storage space. Therefore, in the Year 2000, Y2K non-compliant equipment will abbreviate Year 2000 as "00". All date-dependent functions may not be processed accurately and in severe cases, the equipment will fail to operate completely at the beginning of the new millennium.

A Committee had been formed to ensure that the Group will have a system which would perform, function and manage data involving dates without being abnormally affected by dates spanning the period prior to, during and after the year 2000. Detailed action plans, task list and timetables have been established in respect of problem identification, solution design modification, testing and implementation. As scheduled, the compliance, program has been completed on 30 June 1999. At present, all internal critical applications and infrastructure are Y2K ready. Nevertheless, a contingency plan has been developed and in place to account for any unexpected occurrence.

A budget of around HK\$4.5 million has been set for the expenditure for converting all IT hardware and software into a Year 2000 compliant format. This cost of new equipment will be capitalised in the accounts. As of today, around HK\$3.5 million had been incurred in respect to the Year 2000 compliance project.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30th June, 1999.

By Order of the Board

Peter Kuo Chi Yung

Deputy Chairman and Managing Director

Hong Kong, 18th August, 1999