



# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS ANNOUNCEMENT 2001

### Highlights

- Turnover increased by 51% to approximately HK\$580 million
- Net profit attributable to shareholders rose by 36% to approximately HK\$32 million
- Basic earnings per share of HK11.1 cents

### RESULTS

The Board of Directors (the "Directors") of Automated Systems Holdings Limited (the "Company") are pleased to announce unaudited consolidated results of the Company and its subsidiaries (the "Group") for the 6 months period ended 30th September, 2000 together with the comparative figures for the previous year as follows:

#### Consolidated Profit and Loss Account

	Notes	Six months ended 30th September, (UNAUDITED)	
		2000 HK\$'000	1999 HK\$'000
TURNOVER	(2)	580,478	384,162
Earnings before interest, taxation, depreciation and amortization expenses		42,717	28,340
Depreciation expenses		(10,031)	(9,488)
Amortization expenses		(1,538)	(1,565)
Other revenue		3,049	4,421
PROFIT FROM OPERATING ACTIVITIES	(3)	34,197	21,708
Finance costs		(2,356)	(1,990)
Share of profit of an associate		9,927	9,894
PROFIT BEFORE TAX		41,768	29,612
Tax	(4)	(10,366)	(6,317)
PROFIT BEFORE MINORITY INTERESTS		31,402	23,295
Minority interests		324	-
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		31,726	23,295
Interim dividend	(5)	(8,547)	(5,600)
RETAINED PROFIT FOR THE PERIOD		23,179	17,695
EARNINGS PER SHARE			
Basic	(6)	11.14 cents	8.32 cents
Diluted	(6)	10.90 cents	8.08 cents

#### Consolidated Balance Sheet

	Notes	30th September, 2000	31st March, 2000
		HK\$'000 (UNAUDITED)	HK\$'000 (AUDITED)
NON-CURRENT ASSETS		191,051	175,478
CURRENT ASSETS	(7)	511,300	434,384
CURRENT LIABILITIES	(8)	(398,107)	(327,610)
NET CURRENT ASSETS		113,243	106,774
TOTAL ASSETS LESS CURRENT LIABILITIES		304,294	282,252
NON-CURRENT LIABILITIES		(2,984)	(2,984)
Minority interests		(1,105)	(1,429)
		300,155	277,839
CAPITAL AND RESERVES			
Issued capital		28,481	28,419
Reserves		271,674	249,420
		300,155	277,839

#### Notes:

##### 1. Principal accounting policies

###### a. Basis of preparation

The unaudited interim results of the Group have been prepared in compliance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting", and on a basis consistent with the accounting policies adopted in the report and accounts for the 15-month period ended 31st March, 2000.

###### b. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation as required under Hong Kong SSAP (revised) "Presentation of financial statements".

##### 2. Segmental information

The Group's turnover and contribution to profit from operating activities for the period ended 30th September, 2000 were derived entirely from the selling of computer products and the provision of engineering and software services. An analysis of the Group's turnover and contribution to profit from operating activities by principal activities and geographical area of operations for the period ended 30th September, 2000 is as follows:

	Group's Turnover Six months ended 30th September, (UNAUDITED)		Contribution to profit from operating activities Six months ended 30th September, (UNAUDITED)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
By principal activities:				
Sales of Goods	463,455	297,288	17,292	10,619
Rendering of Services	117,023	86,874	16,905	11,089
	580,478	384,162	34,197	21,708
By geographical area:				
The People's Republic of China:				
Hong Kong	573,286	376,841	34,740	21,428
Macau	6,908	7,321	71	280
Taiwan	-	-	(16)	-
Thailand	284	-	(598)	-
	580,478	384,162	34,197	21,708

##### 3. Profit from Operating Activities

	Six months ended 30th September, (UNAUDITED)	
	2000 HK\$'000	1999 HK\$'000
TURNOVER	580,478	384,162
Cost of sales and services	(434,532)	(268,019)
Gross profit	145,946	116,143
Other revenue	3,049	4,421
Sales and technical support costs	(88,640)	(75,153)
Distribution costs	(8,178)	(6,974)
Administrative expenses	(17,980)	(16,729)
PROFIT FROM OPERATING ACTIVITIES	34,197	21,708

##### 4. Tax

	Six months ended 30th September, (UNAUDITED)	
	2000 HK\$'000	1999 HK\$'000
Hong Kong profits tax	6,486	3,843
Overseas tax		
Group	1,398	-
An associate	2,482	2,474
	10,366	6,317

Hong Kong profits tax is calculated at 16% (1999: 16%) on the estimated assessable profit derived from Hong Kong.

Taxation for overseas operations is charged at the appropriate current rates of tax in the countries in which the Group and the associate company operate.

##### 5. Interim dividend

The Directors declared an interim dividend of 3.0 cents per share (1999: 2.0 cents) for the six months period ended 30th September, 2000 to shareholders whose names appear on the register of members of the Company on 21st December, 2000. The dividend warrants will be despatched on 28th December, 2000.

##### 6. Earnings Per Share

Basic and diluted earnings per share is based on the net profit attributable to shareholders of HK\$31,726,000 (1999: HK\$23,295,000).

The basic earnings per share is based on the weighted average number of 284,591,667 shares (1999: 280,000,000) in issue during the period. The diluted earnings per share is based on 291,184,473 shares (1999: 288,250,436) which is the weighted average of shares in issue during the period plus the weighted average number of 6,592,806 shares (1999: 8,250,436) deemed to be issued at no consideration if all outstanding share options have been exercised.

##### 7. Trade Debtors

Included within current assets is a trade debtors balance of HK\$187,972,000 (31st March 2000: HK\$148,166,000). The Group maintains a defined credit policy. The ageing analysis of trade debtors was as follows:

	30th September, 2000	31st March, 2000
	(UNAUDITED) HKD'000	(AUDITED) HKD'000
0-1 month	155,027	98,291
1-2 months	7,356	16,717
2-3 months	5,920	4,922
Over 3 months	19,669	28,236
Total	187,972	148,166

##### 8. Trade Creditors

Included within current liabilities is a trade creditors balance of HK\$151,020,000 (31st March 2000: HK\$129,870,000). The ageing analysis of trade creditors was as follows:

	30th September, 2000	31st March, 2000
	(UNAUDITED) HKD'000	(AUDITED) HKD'000
0-1 month	92,684	99,383
1-2 months	44,846	18,344
2-3 months	9,758	9,404
Over 3 months	3,732	2,739
Total	151,020	129,870

##### 9. Liquidity and Capital Resources

As at 30th September 2000, the Group had total assets of HK\$702 million which were financed by current liabilities of HK\$398 million, deferred tax of HK\$3 million, minority interests of HK\$1 million and shareholders' equity of HK\$300 million. The Group has a working capital ratio of approximately 1.28:1. The Directors believe that the Group has a healthy working capital ratio.

As at 30th September 2000, the Group had aggregate composite banking facilities from banks of approximately HK\$425 million, of which approximately HK\$212 million had been unlisted.

##### BUSINESS REVIEW

The Group continued to ride on the escalating information technology trend and reported outstanding results during the interim period under review. It recorded strong business growth of 51% against the corresponding period last year with turnover reaching HK\$580 million. Profit attributable to shareholders rose 36% to HK\$32 million. Earnings per share were 11.1 HK cents. Interest bearing debt to total equity ratio was 17% while cash holdings were maintained at a level of HK\$114 million at the end of the period.

The provision of services and sales of goods accounted for 20% and 80% of the Group's revenues respectively during the period. As services rendered command much higher margins than sales of goods, it contributed approximately half of the Group's operating profit. To support more service business, the Group's headquarters at Shatin in Hong Kong underwent further expansion. Office area has further increased to enable the expansion of the solutions business team and the opening of a data centre and a help desk centre.

The Group has a competitive edge across the different business sectors. Among them, the finance and banking sector was the major contributor to the Group's business growth for the period. The technology enhancements in IT world have dramatically altered how banks and financial institutions conduct business and their business strategy has become firmly embedded in sophisticated IT. Therefore, they are generating immense demand for advanced IT applications and specialist services to equip themselves to stay competitive.

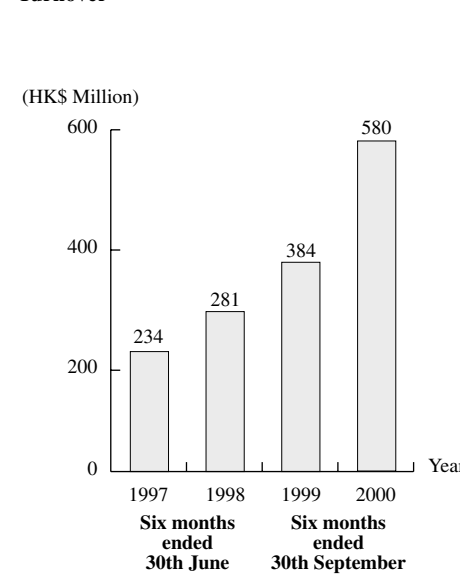
Although the revenue contribution from the government sector dropped when compared with the corresponding period last year, the Group was successful in capturing increasing demands for turnkey solutions from the government, which is in line with the Group's strategy of focusing on providing total IT solutions to the market. Some of these contracts under current execution will be completed in the coming half year. Added with the prevailing seasonal factor, this will lead to better performance in the government sector in the latter half of 2000/2001. During the period, the Group also secured the first-of-its-kind training service bulk contract from ITSD of the HKSAR government. In addition, the Group is able to enjoy revenues of over HK\$10 million annually, generated from the Airport Authority's outsourcing contract for data centre management, network management and help desk services.

The business cooperation between the Group and its ultimate holding company, Computer Sciences Corporation (CSC), is actively in place. CSC is one of the world's largest outsourcing service providers. It is now extending business to Hong Kong and Taiwan through the Group's operations. This move has enabled the Group to expand into the provision of IT outsourcing services to multinational clients.

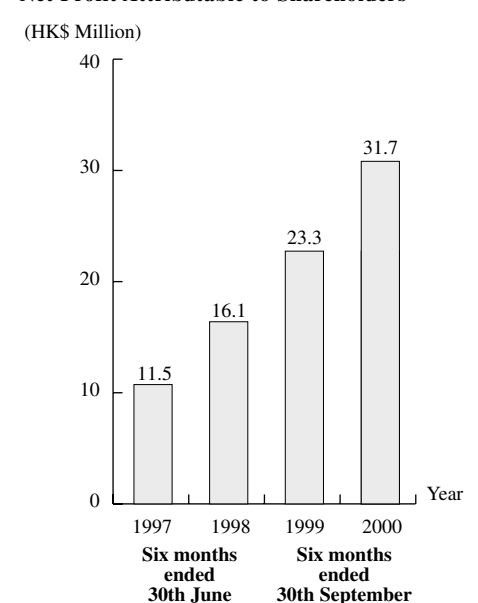
Some of the contracts secured during the period:

Customers	Industry	Scope of work
Salomon Smith Barney	Finance	AMS/3 Transaction System platform setup and maintenance
Morgan Stanley Dean Witter	Finance	Storage solutions for Business Contingency Plan Project
Goldman Sachs	Finance	High performance servers for Database Development Project
DLJ Hutchison direct Ltd. (A joint venture between DLJ direct and Hutchison Whampao)	Finance	Internet Stock Trading System platform setup, management and consulting service
Hutchison Telephone	Telecom	High availability solutions for WAP services and consultancy, training and maintenance
A.S. Watson Group	Commerce	e-Security solutions, consultancy and maintenance
Education Department	Education	Approved IT supplier for around 1,300 primary and secondary schools
Universities, HKIE and VTC	Education	High performance supercomputers
ITSD	Government	Training service bulk contract PC, network equipment & service bulk contract UNIX systems & services bulk contract

##### Turnover

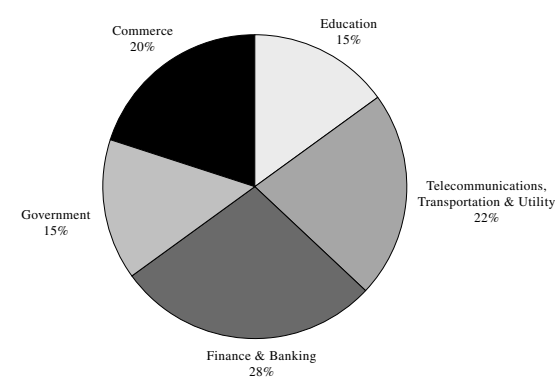


##### Net Profit Attributable to Shareholders



##### Turnover Analysis by Customers

(For the six months ended 30th September, 2000)



##### PROSPECTS

The global explosion of the Internet will continue to benefit the Group by stimulating the need for sophisticated IT systems infrastructure, solutions and expert services in every sector of society. The Group will work together with its customers to help them re-engineer their business operations around the web, leveraging the Internet from strategy development through implementation.

To consolidate its position as a leading total IT services provider in the region, the Group maximizes the use of the many state-of-the-art technologies in the ever changing IT world. In October 2000, the Group became the first-of-its-kind value-added distributor for Oracle, the world's largest software provider for e-business applications, in Hong Kong. This business partnership will add further strength to the Group's wide spectrum of IT solution offerings which already include solutions on storage management, e-commerce, enterprise management and network security.

The outsourcing of IT services will be the main driver for the Group's business growth. It has become a practice around the world. IT outsourcing is the transfer of IT related functions to an IT service provider which operates the outsourced service and assumes full and ongoing managerial and technical responsibility for the IT operation. This IT outsourcing service can lead to business opportunities for data centre management, help desks, disaster recovery and call centres as well as demands for IT systems infrastructure and IT solutions. Each outsourcing contract normally creates significant revenue for the Group for a contractual period of five to ten years.

The Group, with a successful track record of 27 years and excellent relationships with large and leading enterprises, is able to both win the trust of its customers and understand their business needs. It also has a strong technical team of over 500 professionals. Therefore, leveraging CSC's experience, the Group is ideally positioned to expand into the higher margin outsourcing market which is yet protected by high entry barriers. Moreover, the Group is able to share CSC's multinational clientele, which provides the Group with high competitive advantages. The Group is expected to perform successfully in this year.

##### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18th December, 2000 to 21st December, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrars, Tengis Limited at 16th Floor, Hutchison House, 10 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 15th December, 2000.

##### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months period ended 30th September, 2000, 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 financials.

##### CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period under review, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that 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 Articles of Association of the Company.

By Order of the Board  
Kuo Chi Yung, Peter  
Deputy Chairman & Managing Director

8th November, 2000