



# AUTOMATED SYSTEMS HOLDINGS LIMITED

自動系統集團有限公司\*

(Incorporated in Bermuda with limited liability)

## ONGOING CONNECTED TRANSACTIONS WAIVER

### SUMMARY

The Board wishes to announce that (i) the Company or its subsidiaries has entered and will enter into certain transactions with various subsidiaries of CSA, the immediate controlling shareholder of the Company; and (ii) the Company or its subsidiaries will enter into certain transactions with the CSC Group.

#### The ASL Transactions and the CSA Transactions

The Company or its subsidiaries has entered and will enter into, amongst others, certain sales and purchases transactions with ASL(PRC), a wholly-owned subsidiary of CSA, from time to time. The Company or its subsidiaries has also entered and will enter into, amongst others, certain sales and purchases transactions with each of CAPL, CSAM, PT CSA and CSA (MSC) from time to time. Each of ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC) is an associate of CSA (as defined under the Listing Rules), therefore the ASL Transactions and the CSA Transactions constitute connected transactions for the Company under the Listing Rules. A waiver for the Company from strict compliance with relevant connected transactions requirements set out in Chapter 14 of the Listing Rules in respect of the transactions entered into between ASL(HK) and each of ASL(PRC), CAPL, CSAM and PT CSA was granted by the Stock Exchange on 14th January, 2000 subject to conditions including, amongst other things, the aggregate value of such transactions shall not exceed HK\$10 million for each of the financial years ended 31st March.

#### The CSC Transactions

From time to time, the CSC Group will appoint the Company or its subsidiaries to act as the sub-contractors for certain outsourcing contracts entered into between the CSC Group and its clients, and the Company or its subsidiaries will also appoint the CSC Group as its prime or sub-contractor for certain contracts the Company or its subsidiaries may enter into. Since the CSC Group is an associate of CSA, the substantial shareholder of the Company, the CSC Transactions will constitute connected transactions for the Company under the Listing Rules.

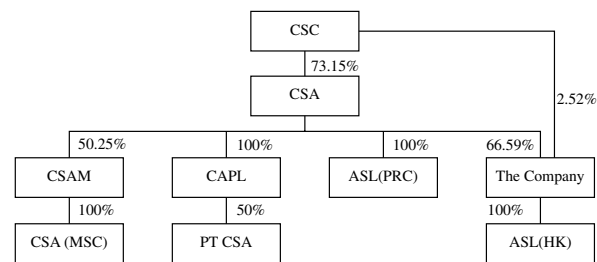
#### Waiver

In light of the ongoing nature of the Transactions, and the increasing values of the ASL Transactions and the CSA Transactions due to the rapid growth in technology markets in Asia Pacific region and the expected increase in turnover of the Group as a result of the CSC Transactions, an application has been made by the Company to the Stock Exchange for a waiver from strict compliance with relevant connected transactions requirements under the Listing Rules in respect of the Transactions.

### BACKGROUND

The Board wishes to announce that (i) the Company or its subsidiaries has entered and will enter into certain transactions with various subsidiaries of CSA, including ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC); and (ii) the Company or its subsidiaries will enter into certain transactions with the CSC Group. Each of ASL(PRC), CAPL, CSAM, PT CSA, CSA (MSC) and the CSC Group is an associate (as defined under the Listing Rules) of CSA. Therefore, the transactions entered into between the Company or its subsidiaries and each of ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC), and the transactions to be entered into between the Company or its subsidiaries and the CSC Group constitute connected transactions under the Listing Rules.

The following diagram sets out the simplified relationships between each of the parties concerned and the Company:



The Group is engaged in the business of systems integration and the supply of computers and associated products, networking and the provision of engineering services and software services in Hong Kong, Macau, Taiwan and Thailand.

### THE CSC TRANSACTIONS

#### Particulars of the CSC Transactions

The CSC Transactions involve i) the provision of sub-contracting services by the Company or its subsidiaries to the CSC Group for certain outsourcing contracts entered into between the CSC Group and its clients; and ii) the provision of sub-contracting services by the CSC Group to the Company or its subsidiaries for certain contracts the Company or its subsidiaries may enter into. The Board considers that the CSC Transactions to be entered into are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned.

#### Reasons and benefits for entering into the CSC Transactions

The CSC Group, from time to time, will enter into service contracts with companies located in Hong Kong and Taiwan in connection with the provision of outsourcing information technology services. The CSC Group will in turn engage the Company or its subsidiaries as its sub-contractors for the provision of (part of) such services.

The Board is of the view that the CSC Transactions can broaden the Group's customer base by provision of services to such multinational clients.

### THE ASL TRANSACTIONS AND THE CSA TRANSACTIONS

#### Particulars of the ASL Transactions and the CSA Transactions

The ASL Transactions involve the sale and purchase of computer goods and related services and the provision of maintenance and consultancy services between the Company or its subsidiaries and ASL(PRC). The CSA Transactions involve the sale and purchase of computer goods and related services and the provision of maintenance and consultancy services between each of CAPL, CSAM, PT CSA and CSA (MSC) on the one hand and the Company or its subsidiaries on the other.

The Board considers that the ASL Transactions and the CSA Transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned. A waiver for the Company from strict compliance with relevant connected transactions requirements set out in Chapter 14 of the Listing Rules in respect of the transactions entered into between ASL(HK) and each of ASL(PRC), CAPL, CSAM and PT CSA was granted by the Stock Exchange on 14th January, 2000 subject to conditions including, amongst other things, the aggregate value of such transactions shall not exceed HK\$10 million for each of the financial years ended 31st March.

For the six months ended 30th September, 2000, the unaudited values of the ASL Transactions and the CSA Transactions amounted to approximately HK\$2,934,000 and HK\$3,425,000 respectively.

#### Reasons and benefits for entering into the ASL Transactions and the CSA Transactions

Each of the Group, ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC) will enter into contracts with a wide spectrum of customers located in Hong Kong, the PRC and other countries in the Asia Pacific regions. As different customers have their specific requirements and needs, the Board is of the view that the ASL Transactions and the CSA Transactions are crucially important to the Group, ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC). By entering into the ASL Transactions and the CSA Transactions, the resources, technical expertise and technological know-how of the Group, ASL(PRC), CAPL, CSAM, PT CSA and CSA (MSC) can be utilised on a shared basis so as to ensure quality products and services are delivered to the customers.

### WAIVER

Given the ongoing nature of the Transactions, the Directors are of the view that it would not be practicable to make disclosure of or, if necessary, obtain Shareholders' approval on each and every occasion as they arise. In addition, the Directors estimate that the aggregate value of the ASL Transactions and the CSA Transactions will increase to approximately HK\$30 million per annum due to the rapid growth in technology markets in Hong Kong, the PRC and other countries in the Asia Pacific region and the expected increase in turnover of the Group as a result of the CSC Transactions.

In view of the above, the Company has therefore applied to the Stock Exchange for the Proposed Waiver from strict compliance with Rules 14.25 and 14.26 of the Listing Rules regarding the Transactions in respect of each and every occasion they arise during the three financial years ending 31st March, 2003 subject to the following conditions:

- 1) the Transactions shall be:
  - (i) entered into by the Group in the ordinary and usual course of its business;
  - (ii) conducted either (a) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities); or (b) (where there is no available comparison) on terms that are fair and reasonable so far as the Shareholders are concerned; and

(iii) entered into either (a) in accordance with the terms of the agreements governing the Transactions; or (b) (where there are no such agreements) on terms no less favourable than those available to or from independent third parties;

- 2) the aggregate annual value of the CSC Transactions for each of the three financial years ending 31st March, 2003 shall not exceed HK\$200 million;
- 3) the aggregate annual value of the ASL Transactions and the CSA Transactions for each of the three financial years ending 31st March, 2003 shall not exceed HK\$30 million;
- 4) the independent non-executive Directors shall review the Transactions annually and confirm in the annual report of the Company for the financial years concerned that these were conducted in the manner as stated in paragraphs 1 to 3 above;
- 5) the Company's auditors shall review the Transactions annually and confirm in a letter to the Board (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether:
  - (i) the Transactions have received approval of the Board;
  - (ii) the Transactions have been entered into on normal commercial terms, in accordance with the terms of the agreements governing the Transactions or, if there are no such agreements, on terms no less favourable than those available to or from independent third parties; and
  - (iii) the aggregate annual value of each of the CSC Transactions, ASL Transactions and CSA Transactions for the relevant financial year has not exceeded their respective maximum amounts as stated in paragraphs 2 and 3 above.

6) details of the Transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the annual report of the Company for the financial year concerned together with a statement of the opinion of the independent non-executive Directors and the auditors of the Company referred to in paragraphs 4 and 5 above; and

- 7) the Company shall provide to the Stock Exchange an undertaking that, for so long as the Company's shares are listed on the Stock Exchange, it will provide the Company's auditors with full access to its records for the purpose of the auditors' review of the Transactions referred to in paragraph 5 above.

The Company will convene a Shareholders' meeting to approve the Proposed Waiver in which CSA and its associates will abstain from voting. A circular containing, amongst other things, details of the Transactions and the Proposed Waiver, a letter from the independent board committee and recommendations from an independent financial adviser will be issued to the Shareholders as soon as possible.

Should the aggregate value of the Transactions exceed the maximum amounts set out above, the Company will comply with the relevant disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Until the Proposed Waiver is approved by the Independent Shareholders and granted by the Stock Exchange, the Company will continue to comply with the relevant disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### DEFINITION

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

"ASL(HK)"	Automated Systems (H.K.) Limited, a wholly-owned subsidiary of the Company
"ASL(PRC)"	Automated Systems (PRC) Limited, a wholly-owned subsidiary of CSA
"ASL Transactions"	the sale and purchase of computer goods and related services and provision of maintenance and consultancy services between the Company or its subsidiaries and ASL(PRC)
"associates"	have the meaning ascribed to under the Listing Rules
"Board"	the board of Directors
"CAPL"	CSA Automated Pte. Ltd., a wholly-owned subsidiary of CSA
"Company"	Automated Systems Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"CSA"	CSA Holdings Ltd., the controlling Shareholder
"CSAM"	Computer Systems Advisers (M) Berhad, a subsidiary of CSA
"CSA (MSC)"	CSA MSC Sdn Bhd, a subsidiary of CSAM
"CSA Transactions"	the sale and purchase of computer goods and related services and provision of maintenance and consultancy services between the Company or its subsidiaries on the one hand and CAPL, CSAM, PT CSA and CSA (MSC) on the other
"CSC"	Computer Sciences Corporation, the ultimate holding company of CSA
"CSC Group"	CSC and its subsidiaries (excluding CSA and its subsidiaries)
"CSC Transactions"	the provision of sub-contracting services to the CSC Group by the Company or its subsidiaries for certain outsourcing contracts and the provision of sub-contracting services by the CSC Group to the Company or its subsidiaries for certain contracts the Company or its subsidiaries may enter into
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Proposed Waiver"	the proposed conditional waiver from strict compliance with Rules 14.25 and 14.26 of the Listing Rules regarding the Transactions in respect of each and every occasion they arise during the three financial years ending 31st March, 2003
"PT CSA"	CSA P.T. Cita Simas Artha, an associated company of CAPL
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transactions"	the CSC Transactions, the ASL Transactions and the CSA Transactions

By Order of the Board  
Automated Systems Holdings Limited  
Edward Lau  
Executive Director

Hong Kong, 27th February, 2001

\* For identification only