

## AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

### Annual Results Announcement for the year ended 31st March, 2001

#### HIGHLIGHTS

- Turnover increased by 17% to approximately HK\$1,287 million
- Net profit attributable to shareholders rose by 15% to approximately HK\$74 million
- Basic earnings per share of HK25.8 cents.

#### RESULTS

The Board of Directors (the "Director") of Automated Systems Holdings Limited (the "Company") are pleased to announce audited results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2001 together with comparative figures for the previous period as follows:

	Notes	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)
<b>TURNOVER</b>	(2)	1,286,703	1,099,268
Cost of sales and services		(960,304)	(792,356)
<b>Gross profit</b>		326,399	306,912
Other revenue		22,835	9,429
Sales and technical support costs		(190,198)	(191,227)
Distribution costs		(15,850)	(17,007)
Administrative expenses		(53,516)	(42,685)
Provision for outsourcing contract costs		(9,543)	-
<b>PROFIT FROM OPERATING ACTIVITIES</b>	(3)	80,127	65,422
Finance costs		(6,396)	(6,060)
Share of profit less losses of associates		14,419	17,075
<b>PROFIT BEFORE TAX</b>		88,150	76,437
Tax	(4)	(13,735)	(11,765)
<b>PROFIT BEFORE MINORITY INTERESTS</b>		74,415	64,672
Minority interests		(866)	(546)
<b>NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		73,549	64,126
Dividends	(5)	(17,256)	(16,981)
<b>RETAINED PROFIT FOR THE YEAR/PERIOD</b>		56,293	47,145
<b>EARNINGS PER SHARE</b>	(6)		
Basic		25.8 cents	22.9 cents
Diluted		25.4 cents	22.2 cents

#### Notes:

##### 1. Basis of Consolidation and Presentation

###### a. Basis of presentation

The audited annual results of the Group are presented for a period of 12 months rather than a period of 15 months as was adopted for the 15-month period ended 31st March, 2000 as result of the change of accounting year end date. Consequently, the comparative figures are not directly comparable with those of the current fiscal year.

The audited annual results of the Group have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") accounting principles generally accepted in Hong Kong 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. Basis of consolidation

The consolidated results include the profit or loss of the Group made up to the 12 months ended 31st March, 2001 and 15 months ended 31st March, 2000 respectively. The results of the subsidiaries and associated companies acquired and disposed of during the year/period are consolidated from or to their effective dates of acquisition or disposal, respectively.

##### 2. Segmental Information

The Group's turnover and contribution to profit from operating activities for the year ended 31st March, 2001 were derived entirely from the selling of computer products, the provision of engineering and software services and investment activities. An analysis of the Group's turnover and contribution to profit from operating activities by principal activities and geographical area of operations for the year ended 31st March, 2001 is as follows:

	Group's Turnover		Contribution to profit from operating activities	
	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)
By principal activities:				
Sales of goods	1,031,813	840,324	37,669	31,848
Rendering of Services	254,890	258,944	27,203	33,574
Investment activities	-	-	15,255	-
	<u>1,286,703</u>	<u>1,099,268</u>	<u>80,127</u>	<u>65,422</u>
By geographical area:				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China:				
Hong Kong	1,268,494	1,082,575	64,672	65,184
Macau	13,583	16,693	(440)	238
Taiwan	3,138	-	17,050	-
Thailand	1,488	-	(1,155)	-
	<u>1,286,703</u>	<u>1,099,268</u>	<u>80,127</u>	<u>65,422</u>

##### 3. Profit from Operating Activities

	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)
Earnings before interest, tax, depreciation and amortization expenses	91,210	83,262
Depreciation expenses	(21,269)	(23,545)
Amortization expenses	(3,106)	(3,724)
Provision for outsourcing contract costs	(9,543)	-
Other revenue	22,835	9,429
	<u>80,127</u>	<u>65,422</u>

##### 4. Tax

	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)
Group:		
Hong Kong profits tax	8,050	8,821
Elsewhere	1,876	100
Tax refund in prior year	-	(390)
Deferred tax	3,000	2,100
	<u>12,926</u>	<u>10,631</u>
Associates:		
Elsewhere	809	1,134
	<u>13,735</u>	<u>11,765</u>

Hong Kong profits tax is calculated at 16% (2000: 16%) on the estimated assessable profit derived from Hong Kong.

Taxation for overseas operations is charged at the appropriate current rates of taxation in which the subsidiary and associated company operate.

##### 5. Dividends

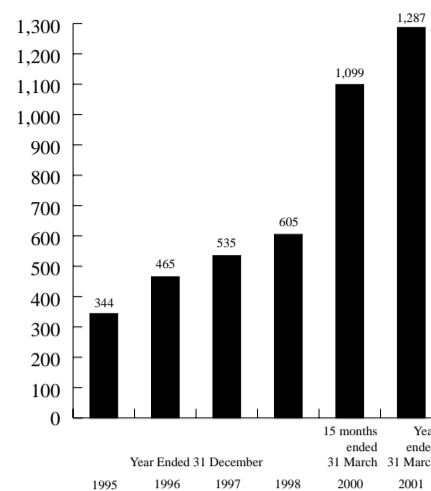
	Year Ended 31-Mar-01 HK\$'000 (Audited)	15 months ended 31-Mar-00 HK\$'000 (Audited)
First interim - HK 3 cents (15 months ended 31st March, 2000: HK 2 cents) per ordinary share	8,547	5,600
Second interim - Nil (15 months ended 31st March, 2000: HK 2 cents) per ordinary share	-	5,683
Proposed final - HK3 cents (15 months ended 31st March, 2000: HK 2 cents) per ordinary share	8,709	5,698
	<u>17,256</u>	<u>16,981</u>

##### 6. Earnings Per Share

Basic and diluted earnings per share is based on the net profit attributable to shareholders of HK\$73,549,000 (2000: HK\$64,126,000).

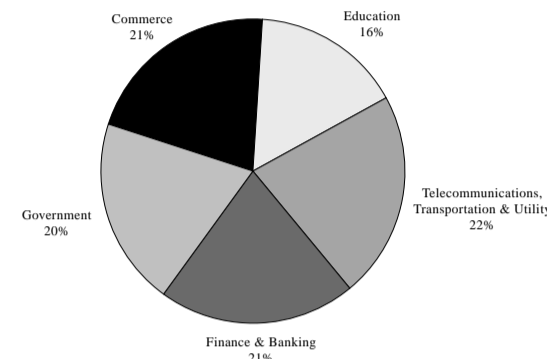
The basic earnings per share is based on the weighted average number of 284,925,833 shares (2000: 280,499,200) in issue during the year. The diluted earnings per share is based on 290,052,817 shares (2000: 288,350,205) which is the weighted average of shares in issue during the year plus the weighted average number of 5,126,984 shares (2000: 7,851,005) deemed to be issued at no consideration if all outstanding share options have been exercised.

#### Turnover

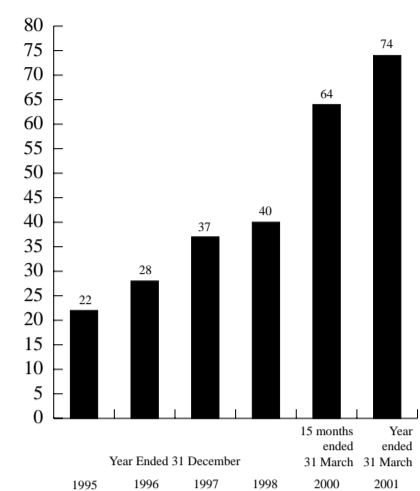


#### Turnover by Customers

(For the year ended 31st March, 2001)



#### Net Profit Attributable to Shareholders



#### DIVIDEND

The Directors declared a final dividend of HK3 cents per share for the year ended 31st March, 2001. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 8th August, 2001, the final dividend warrants will be despatched on 18th August, 2001 to shareholders whose names appear on the Register of Members of the Company on 30th July, 2001.

#### LIQUIDITY AND CAPITAL RESOURCES

As at 31st March, 2001, the Group had total assets of HK\$819 million which were financed by current liabilities of HK\$479 million, deferred tax of HK\$6 million, minority interests of HK\$2 million and shareholders' equity of HK\$332 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 31st March, 2001, the Group had aggregate composite banking facilities from banks of approximately HK\$520 million, of which approximately HK\$111 million had been utilised.

#### BUSINESS REVIEW

The Group continued to perform strongly for the year under review as tremendous business opportunities arose from the immense demand for advanced IT applications and services across different industries.

The provision of services and sales of IT infrastructure accounted for 20% and 80% of the Group's revenues respectively. The service business, with higher margins offering, continued to grow well. The Group therefore set up **dedicated solutions business teams and outsourcing service teams** to further explore and capitalize on the expanding servicing market. To keep in line with such direction, the Group has enlarged its office area in Hong Kong to over 140,000 sq.ft. and increased the workforce to about 950 staff. It has also established a branch office in Taiwan and a subsidiary in Thailand to extend its geographical reach of services.

The Group enjoyed an even contribution of revenues from different industries. Among them, the **finance and banking industry reported the most outstanding growth**. During the year, the Group delivered many major projects and services to international and regional financial institutions, such as Salomon Smith Barney, Morgan Stanley Dean Witter, Goldman Sachs, Hutchison CSFBdirect Services Limited and Standard Chartered Bank.

The Group continued to provide PC and network systems, training and related services to various government departments under the **PC and Network bulk contract** won in January 2000 for a duration of 18 months. The Group's subsidiary, **ELM Computer Technologies Limited ("ELM")**, won the **UNIX bulk contract extension** of HK\$20 million from the government in January this year, in addition to the original contract worth about HK\$67 million awarded in 1999.

The **Vocational Training Council ("VTC")** also awarded two **bulk contracts** to the Group in September 2000 and March 2001. The consecutive winning of two bulk contracts within six months indicated VTC's high confidence and trust in the Group. These contracts, totalling over HK\$40 million, required the Group to supply PC equipment and IT services to the council and the nine campuses of the Hong Kong Institute of Vocational Education.

As a major player in the IT industry in Hong Kong, the Group always takes an active role in maintaining close business relationships with a number of prestigious IT partners. One of the most significant strategic alliances was the **enterprise services partnership with Enterprise Services of Sun Microsystems** to create Hong Kong's largest service team to support UNIX platforms. The Group, being Sun's longest standing Hong Kong sales partner, has become a major supplier for Sun Enterprise Services new collaborative customer support programmes. With a view to offering top-grade support services, the Group has set up a 6,000 square feet new data center which provides business recovery, facilities management, systems monitoring and remote management services. Such partnership with Sun Microsystems will bring a lot of business opportunities to the Group.

In March 2001, the Group joined hands with **Sun Microsystems** once again to become an **iForce Channel Development Provider**, marketing a wide range of popular Sun product lines through channel partners. To ensure the success of this new business, we have set up a Value Added Distributor (VAD) Division, an independent sales team in the Group, to expand Sun's channel business. This new collaboration adds a new dimension to the Group's prevailing relationship with Sun in the enterprise customer business.

**Oracle Systems**, the largest provider of e-business software, also appointed the Group as a **Value Added Distributor** to provide systems integrators, solution providers and independent software vendors in Hong Kong with a service-enriched channel for configuring solutions based on Oracle technology products. With this "first-of-its-kind" appointment in Hong Kong, the Group will be able to support over 100 Oracle partners promoting Oracle technology products and services to their customers, thus helping Oracle technology products become much more accessible to customers in the region.

During the year, the Group reached a major milestone with the receipt of awards from many leading IT suppliers throughout the world, which has further proved the Group's strength and leadership in the IT industry. The Group was recognised as the **"Top Partner of New Business Performance Asia Pacific 2000"** by iPlanet E-Commerce Solutions, and was awarded the **"Outstanding E10K (Starfire) Achievement"** by Sun Microsystems for the sales of SuperComputers. Besides, ELM's outstanding performance in selling Hummingbird products and IBM products made it win the **"Best Performance Award for Hong Kong Financial Year 2000"** from Hummingbird and the **"Achievement Award - Highest Growth Award"** from IBM.

#### PROSPECTS

With the skyrocketing need for advanced technology and cost effective solutions in all aspects of society, the Group's strategy will continue to focus on **providing total IT solutions** to the market.

With a well-established team of marketing and sales professionals, software specialists and professional service engineers, the Group has been providing top quality training, consultancy and support services to our clients for many years. Given the support of a number of prestigious IT partners, such as Sun Microsystems, Nortel Networks, EMC, Intel, Oracle, Computer Associates and IBM, the Group is expected to create ongoing opportunities for the **expansion of our value-added distribution business**. We have every confidence that these activities will take our business to new horizons.

To fulfill the tremendous needs for Internet applications in today's world, the Group has linked up with **Intel Corporation** to accelerate the **deployment of e-business** in the Asia Pacific region by providing business customers with comprehensive services and support to deploy Intel Architecture-based e-Business solutions. With the combined strength, expertise and experience of Automated and Intel, we are confident that we will create new horizons for the upcoming business of both companies.

Under the **global trend of IT outsourcing services**, the Group is also exploring this market in Hong Kong, Taiwan and Thailand. With the support of the US-based Computer Sciences Corporation ("CSC"), the Group's ultimate holding company which specializes in providing outsourcing services to multinational top-level clients, the Group has successfully secured several outsourcing contracts from global companies. In the future, the Group will be placing more resources to develop the outsourcing business with the set up of a **special outsourcing team, a well-facilitated new data centre and a prompt service help desk centre**.

Looking ahead, with our enviable reputation for providing excellent IT services, the sharing of CSC's global clients as well as the experience, expertise and resources of the Group, we will be further extending our business in the region. In view of the numerous opportunities ahead and a considerable sum of contracts already secured, we believe that our business performance will continue to remain promising in the coming year.

#### CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 31st July, 2001 to 3rd August, 2001, both days inclusive during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt road, Hong Kong, for registration not later than 4:00 p.m. on 30th July, 2001. The dividend warrants will be despatched on 18th August, 2001.

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

During the year ended 31st March, 2001, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

#### 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 audit, 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 reelection in accordance with the Articles of Association of the Company.

#### PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information of the annual results of the Group for the year ended 31st March, 2001 required by paragraph 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course.

#### APPRECIATION

I would like to thank all management teams and our staff for their efforts and significant contribution during the past year. I would also like to take this opportunity to extend my heartfelt appreciation to all our fellow shareholders and institutional investors for their continued support and confidence in the Group.

By order of the Board  
**Peter KUO Chi Yung**  
Deputy Chairman and Managing Director

Hong Kong, 11th May, 2001



# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the Members of Automated Systems Holdings Limited (the "Company") will be held at the Company's office on 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, Hong Kong on Wednesday, 8th August, 2001 at 11:30 a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st March, 2001;
2. To declare a final dividend;
3. To elect Directors and to authorise the Board of Directors to fix Directors' remuneration;
4. To appoint Auditors and to authorise the Board of Directors to fix Auditors' remuneration;
5. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**"THAT**

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
  - (b) the total nominal amount of shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly; and
  - (c) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
    - (i) the conclusion of the next Annual General Meeting of the Company;
    - (ii) the revocation or variation of the authority given under this Resolution by Ordinary Resolution of the shareholders in general meetings; and
    - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held";
6. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**"THAT**

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to issue, allot and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any Stock exchange in any territory outside Hong Kong) or any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, the total nominal amount of additional shares issued, allotted, dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and
  - (b) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
    - (i) the conclusion of the next Annual General Meeting of the Company;
    - (ii) the revocation or variation of the authority given under this Resolution by Ordinary Resolution of the shareholders in general meetings; and
    - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held"; and
7. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**"THAT** the general mandate granted to the Directors of the Company pursuant to Resolution 6 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of such general mandate pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution".

By order of the Board  
**Lau Ming Chi, Edward**  
Secretary

Hong Kong, 11th May, 2001

*Notes:*

- (a) The Register of Members will be closed from Tuesday, 31st July, 2001 to Friday, 3rd August, 2001 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong by 4:00 p.m. on Monday, 30th July, 2001.
- (b) A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the Meeting.
- (d) The Annual Report of the Company for the year ended 31st March, 2001 also containing this notice together with a circular setting out further information regarding Resolutions 5 to 7 above will be despatched to shareholders as soon as practicable.