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AUTOMATED SYSTEMS HOLDINGS LIMITED

自動系統集團有限公司*

(Incorporated in Bermuda with limited liability)

ONGOING CONNECTED TRANSACTIONS

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

The CSA Transactions

The Group has entered into and will enter into certain transactions involving the sale and purchase of computer goods and related services and the provision of maintenance and consultancy services with each of CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA from time to time. As each of CSA (PRC), CAPL, CSAM, PT CSA and CSA (MSC) is an associate of CSA which is the immediate holding company of the Company, the CSA Transactions constitute connected transactions for the Company under Chapter 14 of the Listing Rules.

The CSC Transactions

The CSC Group has appointed and will appoint the Group to act as its sub-contractor for certain outsourcing contracts entered into and to be entered into between the CSC Group and its clients from time to time. Moreover, the Group has appointed and will appoint the CSC Group as its sub-contractor for certain contracts entered into and to be entered into between the Group and its clients. Since the CSC Group is an associate of CSA, the CSC Transactions constitute connected transactions for the Company under Chapter 14 of the Listing Rules.

Waiver

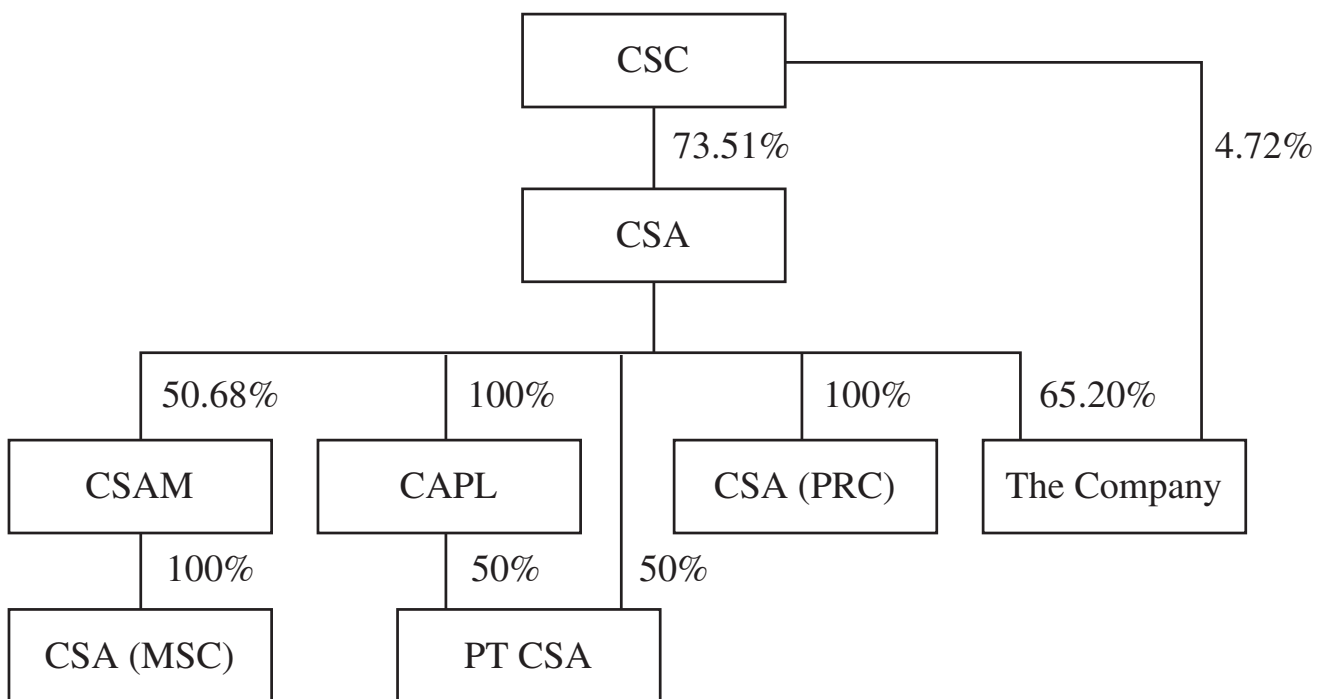
In light of the ongoing nature of the Transactions, an application has been made to the Stock Exchange for a waiver from the strict compliance with relevant connected transactions requirements under Rule 14.25 of the Listing Rules in respect of the Transactions.

BACKGROUND

The Group is principally 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 Board wishes to announce that (i) the Group has entered into and will enter into certain transactions with CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA; and (ii) the Group has entered into and will enter into certain transactions with the CSC Group.

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



Based on the chart above, each of CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and the CSC Group is an associate of CSA which is the immediate holding company of the Company. Therefore, the transactions entered into and to be entered into between the Group and each of CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC), CSA and the CSC Group constitute connected transactions under Chapter 14 of the Listing Rules.

THE CSA TRANSACTIONS

Particulars of the CSA Transactions

The CSA Transactions involve the sale and purchase of computer goods and related services and the provision of maintenance and consultancy services from each of CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA to the Group as well as the sale and purchase of computer goods and related services and the provision of maintenance and consultancy services from the Group to each of CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA.

The Board considers that the CSA Transactions have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and were and will be fair and reasonable so far as the Independent Shareholders are concerned.

A waiver (the “CSA Waiver”) for the Company from the strict compliance with relevant connected transactions requirements set out in Chapter 14 of the Listing Rules in respect of the sale and purchase of computer goods and related services and provision of maintenance and consultancy services between the Group on the one hand and CSA (PRC), CAPL, CSAM, PT CSA and CSA (MSC) on the other was granted by the Stock Exchange on 3rd April, 2001 subject to conditions including, amongst other things, the aggregate value of these transactions should not exceed HK\$30 million for each of the three financial years ended 31st March, 2003. For each of the three years ended 31st March, 2003, the aggregate value of the CSA Transactions amounted to approximately HK\$10.3 million, HK\$6.1 million and HK\$4.0 million respectively. The CSA Waiver has been expired on 31st March, 2003. For the six months from 1st April, 2003 to 30th September, 2003, the aggregate value of the CSA Transactions amounted to approximately HK\$986,000.

Reasons and benefits for entering into the CSA Transactions

Each of the Group, CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA has entered into and will enter into contracts with a wide spectrum of customers located in Hong Kong, the PRC and other countries in the Asia Pacific region. As (i) different customers have their specific requirements and needs; and (ii) each of the Group, CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA has different resources, technical expertise and technological know-how, by entering into the CSA Transactions, the resources, technical expertise and technological know-how of the Group, CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA can be utilised on a sharing basis, which in turn ensure the provision of the quality products and services to the customers.

THE CSC TRANSACTIONS

Particulars of the CSC Transactions

The CSC Transactions involve (i) the provision of sub-contracting services by the Group to the CSC Group for certain outsourcing contracts entered into and to be entered between the CSC Group and its clients; and (ii) the provision of sub-contracting services by the CSC Group to the Group for certain contracts entered into and to be entered into between the Group and its clients. Such sub-contracting services involve the sale and purchase of computer goods and related services and the provision of integrated IT solutions, project management services, maintenance and consultancy services. The Board considers that the CSC Transactions have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and were and will be fair and reasonable so far as the Independent Shareholders are concerned.

A waiver (the “CSC Waiver”) for the Company from the strict compliance with relevant connected transactions requirements set out in Chapter 14 of the Listing Rules in respect of the CSC Transactions was granted by the Stock Exchange on 3rd April, 2001 subject to conditions including, amongst other things, the aggregate value of such transactions should not exceed HK\$200 million for each of the three financial years ended 31st March, 2003. For each of the three years ended 31st March, 2003, the aggregate value of the CSC Transactions amounted to approximately HK\$28.8 million, HK\$6.8 million and HK\$8.1 million respectively. The CSC Waiver has been expired on 31st March, 2003. For the six months from 1st April, 2003 to 30th September, 2003, the aggregate value of the CSC Transactions amounted to approximately HK\$962,000.

Reasons and benefits for entering into the CSC Transactions

The CSC Group and the Group will, from time to time, enter into service contracts with customers located in the Asia Pacific region in connection with the provision of information technology services. As (i) different customers have their specific requirements and needs; and (ii) each of the CSC Group and the Group has different resources, technical expertise and technological know-how, the CSC Group will engage the Group as its sub-contractor for the provision of such services or any part thereof, and on the other hand, the Group will engage the CSC Group as its sub-contractor for the provision of such services or any part thereof. The Board is of the view that the CSC Transactions can (i) broaden the customer base of the CSC Group and the Group; and (ii) enable the utilisation of the resources, technical expertise and technological know-how of the Group and the CSC Group on a sharing basis to provide quality products and services to their 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 the Transactions on each and every occasion as they arise. Based on the (i) historical values of the CSC Transactions and the CSA Transactions during each of the three years ended 31 March, 2003; and (ii) the existing number and values of contracts of the Group and the CSC Group in which the CSC Group and the Group respectively are the sub-contractors, the Directors estimate that the aggregate annual value of the Transactions will not exceed the higher of (i) HK\$10 million; or (ii) 3% of the consolidated net tangible assets value of the Group (which amounted to approximately HK\$13 million as at 31st March, 2003) for each of the financial years starting from the year ending 31st March, 2004.

In view of the above, the Company has therefore applied to the Stock Exchange for the Proposed Waiver from strict compliance with Rule 14.25(1) of the Listing Rules regarding the Transactions in respect of each and every occasion they arise 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 Independent 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 Transactions for each financial year shall not exceed the higher of (i) HK\$10 million; or (ii) 3% of the consolidated net tangible assets value of the Group;
- 3) 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 2 above;
- 4) 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 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 the Transactions for the relevant financial year has not exceeded the maximum amount as stated in paragraph 2 above; and
- 5) 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 years concerned together with a statement of the opinion of the independent non-executive Directors and the auditors of the Company referred to in paragraphs 3 and 4 above respectively.

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 granted by the Stock Exchange, the Company will continue to comply with the relevant disclosure requirements under Chapter 14 of the Listing Rules.

DEFINITION

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

“associate(s)”	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 immediate holding company of the Company, the securities of which are listed on Singapore Exchange Limited
“CSAM”	Computer Systems Advisers (M) Berhad, a subsidiary of CSA
“CSA (MSC)”	CSA MSC Sdn Bhd, a wholly-owned subsidiary of CSAM

“CSA Transactions”	the sale and purchase of computer goods and related services and provision of maintenance and consultancy services between the Group on the one hand and CSA (PRC), CAPL, CSAM, PT CSA, CSA (MSC) and CSA on the other
“CSC”	Computer Sciences Corporation, the ultimate holding company of CSA and the Company, the securities of which are listed on the New York Stock Exchange
“CSC Group”	CSC and its subsidiaries (excluding CSA and its subsidiaries)
“CSA (PRC)”	CSA (PRC) Company Limited (formerly known as Automated Systems (PRC) Limited), a wholly-owned subsidiary of CSA
“CSC Transactions”	the provision of sub-contracting services to the CSC Group by the Group for certain outsourcing contracts entered into and to be entered into between the CSC Group and its clients and the provision of sub-contracting services by the CSC Group to the Group for certain contracts entered into and to be entered into between the Group and its clients
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders other than CSC, CSA and their respective associates
“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 the strict compliance with Rule 14.25 of the Listing Rules regarding the Transactions in respect of each and every occasion they arise

“PT CSA”	CSA P.T. Cita Simas Artha, an indirect wholly-owned subsidiary of CSA
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively the CSC Transactions and the CSA Transactions

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

Hong Kong, 27th October, 2003

* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.