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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Automated Systems Holdings Limited, you should at once hand this circular to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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## **Automated Systems Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. Lai Yam Ting (*Managing Director*)  
Mr. Edward Lau Ming Chi

*Non-executive Directors:*

Mr. Allen Joseph Pathmarajah (*Chairman*)  
Mr. Peter Kuo Chi Yung (*Deputy Chairman*)  
Mr. Sunny Tan Swee Hock  
Mr. Johnny Moo Kwee Chong  
Ms. Esther Tan Suan Kheng  
Mr. Michael William Brinsford  
Mr. Samuel Timothy Hilbert  
Mr. Peter Hon Sheung Tin\*  
Mr. Richard Li King Hang\*

*Registered Office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

*Principal Office in Hong Kong:*

15th Floor, Topsail Plaza  
11 On Sum Street  
Shatin  
New Territories  
Hong Kong

\* *independent non-executive directors*

16th July, 2003

Dear Sir or Madam,

### **GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES**

#### **GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES**

At the annual general meeting of Automated Systems Holdings Limited (the "Company") to be held on 8th August, 2003 (the "Annual General Meeting"), ordinary resolutions will be proposed to grant to the directors of the Company (the "Directors") a general mandate to exercise all powers of the

Company to repurchase fully paid shares of HK\$0.10 each (the “Shares”) in the share capital of the Company (the “Repurchase Mandate”) and a general mandate to issue new shares of the Company (the “Share Issue Mandate”).

An explanatory statement to provide shareholders of the Company with all the information reasonably necessary for them to make an informed decision in relation to the Repurchase Mandate as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) is set out in the Appendix to this circular.

## **ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting is contained in the 2003 Annual Report of the Company sent to the shareholders together with this circular and a proxy form for use at the Annual General Meeting is therein enclosed. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the Company’s Branch Registrar in Hong Kong, Tengis Limited, G/F Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting.

Completion and delivery of the proxy form will not prevent shareholders of the Company from attending and voting in person if they so wish.

## **RECOMMENDATION**

The Directors are of the opinion that the Repurchase Mandate and the Share Issue Mandate as proposed herein are all in the best interests of the Company and accordingly recommend all the shareholders to vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

**LAI YAM TING**  
*Managing Director*

This appendix serves as an explanatory statement, as required under the Listing Rules, to provide information to the shareholders of the Company with regard to the Repurchase Mandate to enable them to make an informed decision as to whether to vote in favour of the Repurchase Mandate.

### **1. SHARE CAPITAL**

As at 8th July, 2003, being the latest practicable date before the printing of this circular for ascertaining information in this circular (the “Latest Practicable Date”), the issued share capital of the Company comprised 290,910,000 Shares.

Subject to the passing of the relevant ordinary resolutions and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the issued share capital of the Company will comprise 290,910,000 Shares and the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 29,091,000 Shares during the course of the period prior to the next annual general meeting of the Company.

### **2. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from the shareholders of the Company to enable the Directors to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases are beneficial to the Company and its shareholders.

### **3. FUNDING OF REPURCHASES**

In repurchasing shares, the Company may only apply funds legally available for such purchase in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda and the Listing Rules. Under Bermuda law, the amount of capital to be repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on a repurchase may only be paid out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company.

The Directors at present have not decided which proposed source of funding is to be used when the Repurchase Mandate is exercised.

There might be a material adverse effect on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Shares	
	Highest Price <i>HK\$</i>	Lowest Price <i>HK\$</i>
<b>2002</b>		
July	2.075	1.680
August	1.730	1.470
September	1.530	1.150
October	1.500	1.130
November	1.500	1.300
December	1.400	1.210
<b>2003</b>		
January	1.370	1.220
February	1.300	1.140
March	1.300	1.160
April	1.230	1.060
May	1.350	1.150
June	1.400	1.270

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same is applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the Repurchase Mandate is approved by shareholders of the Company.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the shareholders of the Company.

**6. TAKEOVER CODE**

If as a result of a share repurchase exercised pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, CSC Computer Sciences International Inc. ("CSC") held 13,730,000 Shares representing approximately 4.72% of the issued share capital of the Company whereas CSA Holdings Ltd ("CSA") held 189,701,896 Shares representing approximately 65.21% of the issued share capital of the Company. On the other hand, CSC held 73.51% of the issued share capital of CSA. Hence, in aggregate, CSC held, directly and indirectly, 153,179,864 Shares representing approximately 52.66% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercise the Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same) the shareholdings of CSC, in aggregate, would be increased to approximately 58.51% of the issued share capital of the Company whereas the shareholdings of CSA would be increased to approximately 72.46% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate and have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such an extent as to result in the number of Shares held by the public falling below 25%.

**7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.