

# Managing Director's Statement



I am delighted to announce our results achieved for the year ended 31 March 2001. Despite the global downturn in the IT economy, we are proud to be able to record consistent growth and profits over the years.

6

Demand for sophisticated IT infrastructure and services is ever increasing in every aspect of the community. The Group, being a leading technology company in Hong Kong, has continued to ride on this escalating IT trend and expanded our business operations. We have particularly placed more focus on the service business with the introduction of the new outsourcing business and Value Added Distribution (VAD) teams during the year.

## **RESULTS**

For the year ended 31 March 2001, the Group has once again achieved strong results with turnover rising 17% to HK\$1,287 million as compared to the 15-month year ended 31 March 2000. Net profit attributable to shareholders for the year reached a new record high of HK\$74 million, a growth of 15% against the previous year. Basic earnings per share were HK25.8 cents.

With the high cash balance of HK\$152 million available and gearing ratio at 24.5%, the Group continues to enjoy a healthy financial position.

### 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 CSFB*direct* 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.

### 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.

**Peter KUO Chi Yung,**  
*Deputy Chairman and Managing Director*

11 May 2001  
Hong Kong