

NOTES TO FINANCIAL STATEMENTS:

1. Basis of preparation and accounting policies

The unaudited interim results of the Group have been prepared in compliance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

The accounting policies and basis of preparation used in the preparation of these condensed interim financial statements are the same as those used in the annual financial statements for the year ended 31st March, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2001:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 14 (revised):	Leases (effectively for periods commencing on or after 1st July, 2000)
SSAP 30:	Business combinations

The effects resulting from the adoption of these SSAPs are set out below:

- (a) In accordance with the SSAP 9 (revised), the Group no longer recognises dividend proposed after the balance sheet date as a liability at the balance sheet date. This change has been applied retrospectively and comparative figures have been restated. The proposed final dividend of HK\$8,709,000 for the year ended 31st March, 2001, which had been recognised as a liability in the annual report, is now reclassified to the proposed final dividend account within the capital and reserves section of the balance sheet.
- (b) In note 11 to these condensed interim financial statements, the Group has disclosed its total future aggregate minimum lease payments under non-cancellable operating leases in accordance with the SSAP 14 (revised). In the annual report for the year ended 31st March, 2001, the Group had disclosed the commitments to make payments in the next twelve months under operating leases.
- (c) Under SSAP 30, goodwill arising from business combination after 1st January, 2001 is capitalised and amortised over its estimated useful life. There is a rebuttable presumption that the useful life of goodwill will not exceed twenty years from initial recognition. The Group has taken advantage of the transitional provisions in SSAP 30 and goodwill which was previously eliminated against reserves has not been retrospectively capitalised and amortised.

2. Segmental Information

The Group's turnover and contribution to profit from operating activities for the period ended 30th September, 2001 were derived entirely from the selling of computer products and investments and the provision of engineering and software services. An analysis of the Group's turnover and contribution to profit from operating activities by principal activities and geographical area of operations for the period ended 30th September, 2001 is as follows:

	(Unaudited) Turnover		(Unaudited) Contribution to profit from operating activities	
	Six months ended 30th September		Six months ended 30th September	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By principal activities:				
Sales of Goods	486,672	463,455	2,187	17,292
Rendering of Services	141,829	117,023	7,790	16,905
Investment Activities	–	–	15,091	–
	<u>628,501</u>	<u>580,478</u>	<u>25,068</u>	<u>34,197</u>
By geographical areas:				
The People's Republic of China:				
Hong Kong	613,959	573,286	25,072	34,740
Macau	9,901	6,908	(218)	71
Taiwan	3,028	–	1,024	(16)
Thailand	1,613	284	(810)	(598)
	<u>628,501</u>	<u>580,478</u>	<u>25,068</u>	<u>34,197</u>

3. Profit from Operating Activities

	(Unaudited)	
	Six months ended	
	30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	628,501	580,478
Cost of sales and services	<u>(462,478)</u>	<u>(434,532)</u>
Gross profit	166,023	145,946
Other revenue	3,264	3,049
Gain on partial disposal of an interest in an associate	15,091	-
Sales and technical support costs	(128,976)	(87,073)
Distribution costs	(8,716)	(7,962)
Administrative expenses	<u>(21,618)</u>	<u>(19,763)</u>
	<u>25,068</u>	<u>34,197</u>

4. Tax

	(Unaudited)	
	Six months ended	
	30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
Group	3,922	6,486
Overseas taxation		
Group	322	1,398
Associates	<u>939</u>	<u>2,482</u>
	<u>5,183</u>	<u>10,366</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 companies operate.

5. Interim dividend

The Directors declared an interim dividend of 2.0 cents per share (2000: 3.0 cents) for the six months period ended 30th September, 2001 to shareholders whose names appear on the register of members of the Company on 21st December, 2001. The dividend warrants will be despatched on 28th December, 2001.

6. Earnings Per Share

Basic and diluted earnings per share is based on the net profit attributable to shareholders of HK\$23,800,000 (2000: HK\$31,726,000).

The basic earnings per share is based on the weighted average number of 287,806,667 shares (2000: 284,591,667) in issue during the period. The diluted earnings per share is based on 290,398,498 shares (2000: 291,184,473) which is the weighted average of shares in issue during the period plus the weighted average number of 2,591,831 shares (2000: 6,592,806) deemed to be issued at no consideration if all outstanding share options have been exercised.

7. Trade Debtors

Included within current assets is a trade debtors balance of HK\$233,654,000 (31st March, 2001: HK\$189,675,000). The Group maintains a defined credit policy and grants credit to substantially all of its debtors for 30 days. The ageing analysis of trade debtors was as follows:

	(Unaudited) 30th September 2001 <i>HK\$'000</i>	(Audited) 31st March 2001 <i>HK\$'000</i>
Current	131,865	88,433
0-1 month	49,591	54,852
1-2 months	25,236	10,353
2-3 months	21,106	17,285
Over 3 months	5,856	18,752
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Total	233,654	189,675

8. Trade and Bills Payable

Included within current liabilities is a trade and bills payable balance of HK\$102,703,000 (31st March, 2001: HK\$111,454,000). The ageing analysis of trade and bills payable was as follows:

	(Unaudited) 30th September 2001 <i>HK\$'000</i>	(Audited) 31st March 2001 <i>HK\$'000</i>
Current	73,971	74,729
0-1 month	22,540	30,027
1-2 months	2,805	4,498
2-3 months	606	914
Over 3 months	2,781	1,286
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Total	102,703	111,454

9. Liquidity and Capital Resources

As at 30th September, 2001, the Group had total assets of HK\$753 million which were financed by current liabilities of HK\$393 million, deferred tax of HK\$6 million, minority interests of HK\$2 million and shareholders' equity of HK\$352 million. The Group has a working capital ratio of approximately 1.35:1. The Directors believe that the Group has a healthy working capital ratio.

As at 30th September, 2001, the Group had aggregate composite banking facilities from banks of approximately HK\$520 million, of which approximately HK\$151 million had been utilised.

10. Related Party Transactions

During the period, the Group had the following transactions with related parties:

		(Unaudited) Group Six months ended 30th September	
		2001	2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Management fees received from Automated Systems (PRC) Limited	<i>(i)</i>	838	967
Rental income received from Automated Systems (PRC) Limited	<i>(ii)</i>	41	94
Sales to Automated Systems (PRC) Limited	<i>(iii)</i>	872	2,318
Purchases from Automated Systems (PRC) Limited	<i>(iv)</i>	534	616
Sales to CSA Automated Pte. Limited	<i>(iii)</i>	238	2,371
Purchases from CSA Automated Pte. Limited	<i>(iv)</i>	133	156
Sales to CSA (M) Berhad	<i>(iii)</i>	608	–
Purchases from CSA (M) Berhad	<i>(iv)</i>	21	417
Purchases from CSA P.T. Cita Simas Artha	<i>(iv)</i>	16	16
Purchases from CSA Msc Sdn Bhd	<i>(iv)</i>	188	465
Service fee received from CSC Computer Sciences Pte Ltd.	<i>(v)</i>	309	–
Sales to CSC Computer Sciences Pte Ltd.	<i>(iii)</i>	1,056	–
Rental income received from CSC Computer Sciences (Hong Kong) Ltd.	<i>(vi)</i>	156	–
Sales to CSC Computer Sciences (Hong Kong) Ltd.	<i>(iii)</i>	581	–

- (i) The management fees related to warehousing, corporate secretarial services, office and personnel administration services, centralised computer services and accounting services incurred by the Group on behalf of Automated Systems (PRC) Limited ("ASLPRC"). The recharge is based on a formula which is based on the sales of ASLPRC as a percentage of the total of the Group's and ASLPRC's sales multiplied by the Group's total general and administrative costs.
- (ii) The rental income related to a property included in fixed assets which was rented to ASLPRC for office use. The average monthly rental of approximately HK\$7,000 (2000: HK\$16,000) was calculated by the reference to open market rentals as confirmed to the Company by a firm of independent real estate agents.
- (iii) Sales to the related companies are made according to the published prices and conditions to the major customers of the Group.
- (iv) Purchases from the related companies are made according to the published prices and conditions similar to those offered by the major suppliers of the Group.
- (v) The amount related to the Group's staff cost that charged to CSC Computer Sciences Pte Ltd..
- (vi) The rental income related to a property included in fixed assets which was rented to CSC Computer Sciences (Hong Kong) Ltd. for Data Centre use for the period from April-2001 to May-2001. The average monthly rental was approximately HK\$69,000.

In the opinion of the directors, the above transactions arose in the ordinary course of the Group's business.

11. Commitments

Capital Commitments

At the balance sheet date, the Group had the following capital commitments, which had not been provided for in the financial statements:

	Group	
	(Unaudited)	(Audited)
	30th September	31st March
	2001	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for	205	4,934
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	205	4,934
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Operating Lease Commitments

At the balance sheet date, the Group had total future minimum payments under non-cancellable operating leases in respect of lands and buildings as follows:

	Group	
	(Unaudited)	(Audited)
	30th September	31st March
	2001	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payables:		
Within one year	3,474	5,595
In the second to fifth years, inclusive	1,790	4,083
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	5,264	9,678
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