

REPORT OF THE DIRECTORS

董事會報告

The directors present their annual report and the audited financial statements for the year ended 31st March, 2003.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries and associates are set out in notes 16 and 17, respectively, to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 40.

An interim dividend of HK1.6 cents per share amounting to HK\$4,623,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK1.6 cents per share to the shareholders on the register of members on 29th July, 2003, amounting to HK\$4,655,000, and the remaining profit be retained for the year.

PROPERTY, PLANT AND EQUIPMENT

Movements during the year in property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Movements during the year in share capital of the Company are set out in note 27 to the financial statements.

董事會提呈彼等之報告及本公司與本集團截至二零零三年三月三十一日止年度之經審核財務報表。

主要業務

本公司主要作為投資控股公司及提供公司管理服务，其主要附屬及聯營公司之主要業務詳情載於財務報表附註16及17。

業績及分配

本集團截至二零零三年三月三十一日止年度之業績載於綜合損益賬第40頁。

每股1.6港仙之中期股息已於年內向股東支付，總數為4,623,000港元。董事會建議向於二零零三年七月二十九日名列股東名冊之股東派發年內之末期股息每股普通股1.6仙，總數為4,655,000港元，其餘溢利作為年內保留。

物業、廠房及設備

本集團之物業、廠房及設備於年內之變動載於財務報表附註14。

股本

本公司之股本於年內之變動載於財務報表附註27。

REPORT OF THE DIRECTORS**董事會報告****DIRECTORS**

The directors of the Company during the year and up to the date of this report were:

Executive directors

Lai Yam Ting

Lau Ming Chi, Edward

Kuo Chi Yung, Peter

(resigned as managing director and appointed as non-executive director on 15th April, 2002)

Non-executive directors

Allen Joseph Pathmarajah

Kuo Chi Yung, Peter

Tan Swee Hock, Sunny

Moo Kwee Chong, Johnny

Tan Suan Kheng, Esther

Michael William Brinsford

Samuel Timothy Hilbert

(resigned as alternate director to Warren Brinson Weeks, Jr. and appointed as director on 8th July, 2002)

Warren Brinson Weeks, Jr.

(resigned on 8th July, 2002)

Independent non-executive directors

Hon Sheung Tin, Peter

Li King Hang, Richard

In accordance with bye-laws 99 of the Company, Messrs. Moo Kwee Chong, Johnny, Lau Ming Chi, Edward and Hon Sheung Tin, Peter will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office of each of the non-executive directors is the period up to his retirement by rotation in accordance with the Company's bye-laws.

董事

本公司於年內及直至本財務報表日期之董事如下：

執行董事

賴音廷

劉銘志

郭其鏞

(於二零零二年四月十五日辭退其為董事總經理一職並於同日獲委任為本公司之非執行董事)

非執行董事

Allen Joseph Pathmarajah

郭其鏞

陳瑞福

巫貴昌

陳川琮

Michael William Brinsford

Samuel Timothy Hilbert

(於二零零二年七月八日辭退其為 Warren Brinson Weeks, Jr.之替任董事一職並於同日獲委任為本公司之董事)

Warren Brinson Weeks, Jr.

(於二零零二年七月八日辭職)

獨立非執行董事

韓相田

李景衡

根據本公司之公司細則第99條，巫貴昌、劉銘志及韓相田將於即將舉行之股東週年大會上輪值告退，惟願膺選連任。

在即將召開之股東週年大會上擬膺選連任之董事概無與本公司訂立本公司不可於一年內免付賠償(法定補償除外)予以終止之服務合約。

根據本公司之公司細則，非執行董事之委任年期為其直至輪值告退之期。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed in the section headed "Connected Transactions" below, no contracts of significance to which the Company, or any of its holding companies or fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES

As at 31st March, 2003, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director 董事姓名	Nature of interest 權益性質	Number of ordinary shares held 股份數目
Lai Yam Ting 賴音廷	Personal 個人	4,141,621
Kuo Chi Yung, Peter 郭其鏞	Personal 個人	9,271,241

The following directors also held interests in the non-voting deferred shares of Automated Systems (H.K.) Limited, a wholly-owned subsidiary of the Company, as follows:

Name of director 董事姓名	Number of non-voting deferred shares held 無投票權遞延股數目
Lai Yam Ting 賴音廷	1,070,000
Kuo Chi Yung, Peter 郭其鏞	2,140,000

Other than as disclosed above, none of the directors nor their associates had any interests in the share capital of the Company or any of its associated corporations.

董事之合約權益

年內，除下文「關連交易」所披露者外，董事概無於本公司、其任何控股公司、附屬公司或同系附屬公司所訂立並對本公司業務而言確屬重要之合約中擁有任何直接或間接之重大實益權益。

董事之股份權益

於二零零三年三月三十一日，按本公司根據證券(披露權益)條例(「披露權益條例」)第29條置存之股東名冊所記錄，各董事及其聯繫人士於本公司股本中之權益如下：

各董事於自動系統(香港)有限公司(本公司之全資附屬公司)的無投票權遞延股之權益如下：

除上述者外，董事及其聯繫人士概無持有本公司或其聯繫公司股本中之任何權益。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEMES

Details of the Company's share option schemes are set out in note 33 to the financial statements.

購股權計劃

本公司購股權計劃之概要詳情載於財務報表附註33。

The following table discloses movements in the Company's share options during the year:

本公司之購股權於年內之變動如下：

Participants 參與者	Number of shares to be issued upon exercise of share options 於行使購股權時所發行之股票				At 31.3.2003 於二零零三年 三月三十一日	Date of grant 授出購股 權日期	Exercise period 行使期限	Exercise price 行使價 HK\$ 港元
	At 1.4.2002 於二零零二年 四月一日	Granted during the year 於本年度 內授出	Exercised during the year 於本年度 內行使	Cancelled during the year 於本年度 內註銷				
Directors 董事								
Kuo Chi Yung, Peter 郭其鏞	245,000	-	-	-	245,000	19.10.1999	20.10.2001 to 19.10.2009	2.30
	245,000	-	-	-	245,000	11.2.2000	12.2.2002 to 11.2.2010	3.35
	218,000	-	-	-	218,000	27.7.2001	27.7.2003 to 26.7.2011	2.40
	<u>708,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,000</u>			
Lai Yam Ting 賴音廷	490,000	-	-	-	490,000	2.3.1999	3.3.2001 to 2.3.2009	0.90
	245,000	-	-	-	245,000	19.10.1999	20.10.2001 to 19.10.2009	2.30
	245,000	-	-	-	245,000	11.2.2000	12.2.2002 to 11.2.2010	3.35
	196,000	-	-	-	196,000	27.7.2001	27.7.2003 to 26.7.2011	2.40
	-	412,000	-	-	412,000	20.11.2002	20.11.2003 to 19.11.2012	1.34
	<u>1,176,000</u>	<u>412,000</u>	<u>-</u>	<u>-</u>	<u>1,588,000</u>			
Lau Ming Chi, Edward 劉銘志	120,000	-	-	-	120,000	19.10.1999	20.10.2001 to 19.10.2009	2.30
	120,000	-	-	-	120,000	11.2.2000	12.2.2002 to 11.2.2010	3.35
	148,000	-	-	-	148,000	27.7.2001	27.7.2003 to 26.7.2011	2.40
	-	330,000	-	-	330,000	20.11.2002	20.11.2003 to 19.11.2012	1.34
	<u>388,000</u>	<u>330,000</u>	<u>-</u>	<u>-</u>	<u>718,000</u>			
Other employees 其他僱員	1,000,000	-	(80,000)	-	920,000	2.3.1999	3.3.2001 to 2.3.2009	0.90
	2,155,000	-	-	(45,000)	2,110,000	19.10.1999	20.10.2001 to 19.10.2009	2.30
	2,190,000	-	-	(55,000)	2,135,000	11.2.2000	12.2.2002 to 11.2.2010	3.35
	820,000	-	-	(60,000)	760,000	30.6.2000	1.7.2002 to 30.6.2010	3.40
	2,598,000	-	-	(110,000)	2,488,000	27.7.2001	27.7.2003 to 26.7.2011	2.40
	-	5,034,000	-	-	5,034,000	20.11.2002	20.11.2003 to 19.11.2012	1.34
	<u>8,763,000</u>	<u>5,034,000</u>	<u>(80,000)</u>	<u>(270,000)</u>	<u>13,447,000</u>			
Total 合共	<u>11,035,000</u>	<u>5,776,000</u>	<u>(80,000)</u>	<u>(270,000)</u>	<u>16,461,000</u>			

REPORT OF THE DIRECTORS**董事會報告****SHARE OPTION SCHEMES** (continued)

The closing price of the shares immediately before the date of grant of the options during the year was HK\$1.32.

The weighted average closing price of the shares immediately before the date on which the options during the year were exercised was HK\$2.18.

The directors have obtained the following theoretical valuation of the share options at the date of grant on 20th November, 2002, calculated using the Black-Scholes option pricing model as at the date of grant of the options:

Grantee	承授人	Number of options granted during the year 於年度內授出購股權數目	Theoretical value of share options 購股權之理論價值 HK\$ 港元
Lai Yam Ting	賴音廷	412,000	247,200
Lau Ming Chi, Edward	劉銘志	330,000	198,000
Other employees	其他僱員	5,034,000	3,020,400

The above theoretical values of the share options were calculated based on the following significant assumptions:

Expected life of options	預計購股權之期限	10 years
Expected volatility based on historical volatility of share prices	預期波幅 (按股價之歷史波幅)	35%
Annual dividend per share	年度股息	5 cents
Risk-free interest rate	無風險息率	4.8%

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

購股權計劃(續)

於本年度內授出購股權日期時之股價為1.32港元。

於本年度內在行使購股權日期時之加權平均股價為2.18港元。

董事已得出於本年度內授出購股權之理論價值，採用Black-Scholes期權定價模式於授出購股權日期計算：

於計算以上購股權之公允值時採納之重大假設為：

Black-Scholes期權定價模式要求輸入包括股價波動等高度主觀性之假設。因彼等主觀性假設之變動會令公允值之估計有重大影響，因此董事認為現有模式並非必然地供給一個單一可靠計算購股權之方法。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the section headed "Share Option Schemes" above, at no time during the year was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONNECTED TRANSACTIONS

During the year, the Group entered into certain transactions with its fellow subsidiaries. Details of these transactions are set out in note 35 to the financial statements.

In addition, the Group entered into the following transactions which constituted connected transactions under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

Name of company 公司名稱	Nature of transactions 交易性質	Amount 金額 HK\$'000 千港元
ELM Computer Technologies Limited 榆林電腦科技有限公司	Sales by the Group 本集團銷貨	4,352
	Purchases by the Group 本集團購貨	4,475

The independent non-executive directors confirm that the transactions were entered into by the Group in the ordinary course of its business and in accordance with the terms of the agreements, if any, governing such transactions.

董事購買股份或債券之權利

除上文「購股權計劃」所披露者外，本公司、其任何控股公司、附屬公司或同系附屬公司於年內任何時間概無作出任何安排，致使本公司之董事、彼等各自之配偶或未滿18歲之子女可藉購買本公司或任何其他法人團體之股份或債券而獲利。

關連交易

年內，本集團與其同系附屬公司曾進行若干交易，詳情見財務報表附註35。

再者，以下為本集團所進行之有關交易（根據香港聯合交易所有限公司證券上市規則「上市規則」）：

獨立非執行董事確認該等交易乃在本集團之日常業務範圍內進行，並按合同之條文下進行。

REPORT OF THE DIRECTORS**董事會報告****SUBSTANTIAL SHAREHOLDERS**

As at 31st March, 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

Name of shareholder 股東名稱	Number of ordinary shares of the Company held 公司持有之普通股股份數目		Percentage of issued share capital 佔發行股本之百分比 %	Notes 附註
	Direct interest 直接權益	Deemed interest 被視為權益		
	CSA Holdings Ltd. ("CSA")	189,701,896		
CSC Computer Sciences International Inc. ("CSI")	13,730,000	189,701,896	69.9	1
Computer Sciences Corporation ("CSC")	–	203,431,896	69.9	2

Notes:

1. CSI beneficially owned more than 70% of CSA and was accordingly deemed by the SDI Ordinance to be interested in 189,701,896 shares of the Company. In addition, CSI owned directly 13,730,000 shares of the Company.
2. CSC, through its wholly-owned subsidiary, CSI, was deemed by the SDI Ordinance to be interested in 203,431,896 shares of the Company.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st March, 2003.

LISTING INVESTMENT

During the financial year, Data Systems Consulting Company Limited (DSC), the Group's listed investment in Taiwan continued to contribute profit to the Group. Other operating income was mainly attributable to the dividend income at HK\$20,810,000 derived from DSC. The dividend was received partly in cash (HK\$1,290,000) and in scrip (HK\$19,520,000) that was valued at the market value as at the ex-dividend date. There was further disposal of DSC shares during the period from which the Company has obtained gain. As at 31st March, 2003, the Group's interest in DSC was 12%.

主要股東

於二零零三年三月三十一日，按本公司根據公開權益條例第16(1)條設置之股東名冊上登記擁有本公司已發行股本10%或以上權益之公司如下：

附註：

1. CSI擁有超過70% CSA Holdings Ltd. (「CSA」) 之已發行股本。因此，根據公開權益條例CSI被視為擁有本公司189,701,896股之權益。再者CSI直接擁有13,730,000本公司之股份。
2. 根據公開權益條例，CSC透過其全資附屬公司，CSI被視為擁有本公司203,431,896股之權益。

除以上披露者外，本公司並未發現其他擁有超過本公司於結算日已發行股本10%或以上權益之公司。

上市投資

於本財政年度，本集團繼續分享其台灣上市投資鼎新電腦股份有限公司(「鼎新電腦」)之利潤。其他經營收入主要來自鼎新電腦之股息收入20,810,000港元。該項股息部份以現金(1,290,000港元)收取，部份以股代息(19,520,000港元)，以股代息乃按除息日期前之市值估值。本公司於期內進一步出售鼎新電腦股份，而本公司藉此取得收益。於二零零三年三月三十一日，本集團佔鼎新電腦之權益為12%。

REPORT OF THE DIRECTORS**董事會報告****PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2003 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules.

AUDITORS

During the year, Messrs. Ernst & Young, who acted as auditors of the Company for the past three years, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. A resolution will be submitted to the annual general meeting to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

LAI Yam Ting

Managing Director

Hong Kong, 20th May, 2003

購買、出售或贖回上市證券

於年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先認購權

在本公司之公司細則或百慕達法例下，並無有關強制本公司按比例向現有股東發售新股之優先認購權之規定。

公司管治

本公司於截至二零零三年三月三十一日止年度內已遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則（「守則」）之規定。

核數師

年內，曾在過往三年被本公司委任為核數師之安永會計師事務所辭職而德勤•關黃陳方會計師事務所獲委任為本公司之核數師，本公司於應屆股東週年大會上將提呈決議案續聘德勤•關黃陳方會計師事務所為本公司之核數師。

承董事會命

賴音廷

董事總經理

香港，二零零三年五月二十日