

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st March, 2004.

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 17.

An interim dividend of HK1.0 cent per share amounting to HK\$2,915,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK2.2 cents per share to the shareholders on the register of members on 20th July, 2004, amounting to HK\$6,414,000, 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.

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

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

DIRECTORS' REPORT

Independent non-executive directors

Hon Sheung Tin, Peter

Li King Hang, Richard

In accordance with the Company's bye-laws 99, Mr. Michael William Brinsford, Mr. Samuel Timothy Hilbert and Mr. Li King Hang, Richard 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.

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 AND UNDERLYING SHARES

As at 31st March, 2004, the interests and short positions of each director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

(a) Shares

Name of Company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate
							% of shareholding
Automated Systems Holdings Limited	Lai Yam Ting	4,141,621	-	-	-	4,141,621	1.42%
	Kuo Chi Yung, Peter	9,271,241	-	-	-	9,271,241	3.19%

DIRECTORS' REPORT

Name of Company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate
							% of shareholding
Automated Systems (H.K.) Limited	Lai Yam Ting	1,070,000 ¹	-	-	-	1,070,000	N/A ²
	Kuo Chi Yung, Peter	2,140,000 ¹	-	-	-	2,140,000	N/A ²
CSA Holdings Ltd	Tan Swee Hock, Sunny	4,000	-	-	-	4,000	≈ 0%
Computer Systems Advisers (M) Berhad	Tan Swee Hock, Sunny	132,000	48,000 ³	-	-	180,000	0.18%
	Tan Suan Kheng, Esther	36,000	-	-	-	36,000	0.04%
Computer Sciences Corporation	Michael William Brinsford	10,472	-	-	-	10,472	≈ 0%

Notes:

1. These shares were non-voting deferred shares.
2. The issued share capital of Automated Systems (H.K.) Limited comprise 55,350,000 non-voting deferred shares and 2 ordinary shares. The 2 ordinary shares are beneficially owned by the Company.
3. Interests held by spouse.

(b) Underlying shares

Name of Company	Director	Personal interests	Family interests	Corporate interests	Other	Total
Automated Systems Holdings Limited	Lai Yam Ting	1,588,000 ⁴	-	-	-	1,588,000
	Lau Ming Chi, Edward	718,000 ⁴	-	-	-	718,000
	Kuo Chi Yung, Peter	708,000 ⁴	-	-	-	708,000

DIRECTORS' REPORT

Name of Company	Director	Personal interests	Family interests	Corporate interests	Other	Total
CSA Holdings Ltd	Tan Swee Hock, Sunny	60,000 ⁵	-	-	-	60,000
	Tan Suan Kheng, Esther	40,000 ⁵	-	-	-	40,000
Computer Sciences Corporation	Michael William Brinsford	131,951 ⁶	-	-	-	131,951
	Samuel Timothy Hilbert	14,966 ⁷	-	-	-	14,966

Notes:

4. Options to acquire ordinary shares of the Company, further details of which are set out in the section headed "Share Option Schemes" below.
5. Options to acquire ordinary shares of CSA Holdings Ltd.
6. Options to acquire common stock of Computer Sciences Corporation ("CSC").
7. Comprise options to acquire 14,920 shares of CSC common stock and 46 units (representing 46 shares of common stock) in CSC Stock Fund.

Save as mentioned above, as at 31st March, 2004, the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules recorded no other interests or short positions of the directors in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO).

DIRECTORS' REPORT

SHARE OPTION SCHEMES

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

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

Participants	Number of shares to be issued upon exercise of share options				At 31.3.2004	Date of grant	Exercise period	Exercise price HK\$
	At 1.4.2003	Granted during the year	Exercised during the year	Cancelled during the year				
Directors								
Lai Yam Ting	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>1,588,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,588,000</u>			
Lau Ming Chi, Edward	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>718,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,000</u>			

DIRECTORS' REPORT

Number of shares to be issued upon exercise of share options

Participants	At 1.4.2003	Granted during the year	Exercised during the year	Cancelled during the year	At 31.3.2004	Date of grant	Exercise period	Exercise price HK\$
Kuo Chi Yung, Peter	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
	708,000	-	-	-	708,000			
Other employees	920,000	-	(320,000)	-	600,000	2.3.1999	3.3.2001 to 2.3.2009	0.90
	2,110,000	-	-	(380,000)	1,730,000	19.10.1999	20.10.2001 to 19.10.2009	2.30
	2,135,000	-	-	(380,000)	1,755,000	11.2.2000	12.2.2002 to 11.2.2010	3.35
	760,000	-	-	(60,000)	700,000	30.6.2000	1.7.2002 to 30.6.2010	3.40
	2,488,000	-	-	(432,000)	2,056,000	27.7.2001	27.7.2003 to 26.7.2011	2.40
	5,034,000	-	(324,000)	(790,000)	3,920,000	20.11.2002	20.11.2003 to 19.11.2012	1.34
	13,447,000	-	(644,000)	(2,042,000)	10,761,000			
Total	16,461,000	-	(644,000)	(2,042,000)	13,775,000			

The weighted average closing price of the shares immediately before the date on which the share options were exercised is HK\$1.493.

DIRECTORS' REPORT

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.

CONNECTED TRANSACTIONS

During the year, the Group entered into the following transactions with its fellow subsidiaries and a subsidiary 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	Nature of transactions	Amount <i>HK\$'000</i>
ELM Computer Technologies Limited	Sales by the Group	4,425
	Purchases by the Group	4,185
CSA (PRC) Company Limited	Sales by the Group	1,122
	Purchases by the Group	152
CSC Computer Sciences Pte Limited	Staff costs charged by the Group	277
	Expenses charged to the Group	2,568
	Sales by the Group	127
CSC Computer Sciences (HK) Limited	Staff costs charged by the Group	1,589
	Expenses charged to the Group	2,981
	Sales by the Group	220
CSC Technology Services Pty Limited	Sales by the Group	811
CSA Automated Pte Limited	Sales by the Group	338
	Purchases by the Group	1,108
	Staff costs charged by the Group	394
Computer Systems Advisers (M) Berhad	Sales by the Group	7
	Purchases by the Group	19

DIRECTORS' REPORT

Name of company	Nature of transactions	Amount <i>HK\$'000</i>
CSA P.T. Cita Simas Artha	Purchases by the Group	16
CSA MSC Sdn Bhd	Staff costs charged by the Group	125
CSC Ploenzke AG.	Staff costs charged by the Group	25
CSC Taiwan Limited	Staff costs charged by the Group	848
CSC Australia Pty, Limited	Expenses charged to the Group	23

In the opinion of the directors, such connected transactions were conducted in the normal course of business and the Company has complied with the relevant requirements under Chapter 14 (in force prior to 31st March, 2004) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2004, the interests and short positions of every person, other than directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules were as follows:

Name of shareholder	Number of ordinary shares of the Company held		Percentage of issued share capital	<i>Notes</i>
	Direct interest	Deemed interest	%	
CSA Holdings Ltd ("CSA")	189,701,896	–	65.1	1
CSC Computer Sciences International Inc. ("CSI")	13,730,000	189,701,896	69.8	1
Computer Sciences Corporation ("CSC")	–	203,431,896	69.8	2

Notes:

1. CSI beneficially owned more than 70% of CSA and was accordingly deemed 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 to be interested in 203,431,896 shares of the Company.

DIRECTORS' REPORT

Save as mentioned above, as at 31st March, 2004, the register maintained by the Company pursuant to section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules recorded no other interests or short positions in the shares and underlying shares of the Company.

LISTING INVESTMENT

During the 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 of HK\$7,226,000 derived from DSC, of which HK\$1,537,000 was settled in cash and the remaining balance of HK\$5,689,000 in scrip which was valued at the market value at the ex-dividend date. There was disposal of DSC shares during the year from which the Company has obtained gain. At 31st March, 2004, the Group's interest in DSC was 3.8%.

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, 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDITORS

In August 2002, the Company's former auditors Messrs. Ernst & Young resigned, and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. Apart from this, there has been no change in auditors of the Company in any of the three preceding years. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LAI Yam Ting

Managing Director

Hong Kong, 17th May, 2004