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If you have sold or transferred all your shares in Automated Systems Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales were effected for transmission to the purchaser or transferee.

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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 17 of this circular.

A letter from Fortune Financial, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 36 of this circular.

A notice convening the SGM to be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on 15th May 2013 at 10:00 a.m. (or as soon thereafter as the 2013 annual general meeting of the Company convened at the same place and on the same date at 9:30 a.m. shall have been concluded or adjourned) is set out on pages 42 to 44 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjourned meeting in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

24th April 2013

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“ASH Group” or “Group”	the Company and its subsidiaries from time to time
“ASH Regulated Transactions”	the transactions contemplated under the Supply Agreement in relation to (i) the acquisition of Products of Teamsun Group by ASH Group from Teamsun Group; and (ii) the provision of Teamsun Services by Teamsun Group to ASH Group
“ASH Services”	Type I ASH Services and Type II ASH Services and such other services as may be agreed between the Company and Teamsun from time to time
“ASH Service Fee”	the agreed fee chargeable by ASH Group for providing ASH Services (including rental in the case of Type II ASH Services)
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Automated Systems Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 771)
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Distributor Agreement”	the distributor agreement entered into between the Company and Teamsun on 21st March 2013 in relation to the appointment of Teamsun Group as a non-exclusive distributor in respect of the IT Products by ASH Group in territories in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the Independent Non-Executive Directors to advise the Independent Shareholders on the ASH Regulated Transactions and the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement (including the respective annual caps thereof)

DEFINITIONS

“Independent Financial Adviser” or “Fortune Financial”	Fortune Financial Capital Limited, a corporation licensed under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct Type 6 (advising on corporate finance) regulated activity and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the ASH Regulated Transactions and the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement (including the respective annual caps thereof)
“Independent Shareholders”	Shareholders (other than Teamsun and its associates) who are not prohibited under the Listing Rules from voting at the SGM to approve the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof)
“IT Products”	the information technology enhanced products, parts and accessories and sold by ASH Group, including products branded “Access Matrix”, and other security products similar to products branded “Access Matrix” or otherwise
“Latest Practicable Date”	19th April 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
“Lease Agreement(s)”	the relevant lease agreement(s) to be concluded or entered into between any member of Teamsun Group and any member of ASH Group in respect of the provision of Type II ASH Services or Type II Teamsun Services (as the case may be) or such other related services as may be agreed between the Company and Teamsun from time to time
“License Fees”	such fees, license fees and prices for the purchase of the IT Products (including all the related licenses and rights (legal or otherwise) associated with the IT Products) as may be payable to ASH Group by Teamsun Group (as the case may be) under the Purchase Orders
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Products”	any products of ASH Group or Teamsun Group (as the case may be) including but not limited to computer hardware, software, peripherals and other similar or associated products
“Product Contract(s)”	the relevant purchase order(s) or sales contract(s) to be concluded or entered into between any member of Teamsun Group and any member of ASH Group in respect of sale and purchase of Products
“Product Price”	the price of the Products payable by ASH Group or Teamsun Group (as the case may be) under the relevant Product Contract(s)

DEFINITIONS

“Proposed Annual Caps”	the respective proposed annual caps for each of the financial years ending 31st December 2013, 2014 and 2015 for each of the ASH Regulated Transactions and the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement, for the purpose of Chapter 14A of the Listing Rules, as set out in this circular
“PRC”	the People’s Republic of China and for the purpose of the Distributor Agreement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchase Order(s)”	the purchase order(s) for IT Products to be placed by Teamsun Group with ASH Group (as the case may be) as contemplated under the Distributor Agreement
“Regulated Transactions”	ASH Regulated Transactions and Teamsun Regulated Transactions collectively
“Service Contract(s)”	the relevant service requisition order(s) or service contract(s) to be concluded or entered into between any member of Teamsun Group and any member of ASH Group in respect of the provision of the Type I ASH Services or the Type I Teamsun Services (as the case may be) or such other services as may be agreed between the Company and Teamsun from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened on 15th May 2013 at 10:00 a.m. (or as soon thereafter as the 2013 annual general meeting of the Company convened at the same place and on the same date at 9:30 a.m. shall have been concluded or adjourned) to consider and, if thought fit, to approve the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	shall have the same meaning as ascribed to such expression in section 2 of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Supply Agreement”	the master agreement entered into between the Company and Teamsun on 21st March 2013 in relation to the sale and purchase of Products between ASH Group and Teamsun Group and the provision or sharing of ASH Services and Teamsun Services

DEFINITIONS

“Teamsun”	Beijing Teamsun Technology Co., Ltd. (北京華勝天成科技股份有限公司), a joint stock company with limited liability established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange of the PRC (stock code: 600410)
“Teamsun Group”	Teamsun and its subsidiaries from time to time but excluding ASH Group
“Teamsun Regulated Transactions ”	the transactions contemplated under the Supply Agreement in relation to (i) the acquisition of Products of ASH Group by Teamsun Group from ASH Group; and (ii) the provision of ASH Services by ASH Group to Teamsun Group
“Teamsun Services”	Type I Teamsun Services and Type II Teamsun Services and such other services as may be agreed between the Company and Teamsun from time to time
“Teamsun Service Fee”	the agreed fee chargeable by Teamsun Group for providing the Teamsun Services (including rental in the case of Type II Teamsun Services)
“Type I ASH Services”	the provision of non-administrative information technology or information technology related functions and services as more particularly described in the Supply Agreement to be provided by ASH Group and such other services as may be agreed between the Company and Teamsun from time to time
“Type II ASH Services”	the provision to or sharing of premises (including but not limited to information technology development centres) owned by ASH Group with Teamsun Group by way of leasing for information technology development purposes, together with the usage of such facilities, equipments and/or utilities as may be attached to or otherwise provided at such premises
“Type I Teamsun Services”	the provision of non-administrative information technology or information technology related functions and services as more particularly described in the Supply Agreement to be provided by Teamsun Group and such other services as may be agreed between Teamsun and the Company from time to time
“Type II Teamsun Services”	the provision to or sharing of premises (including but not limited to information technology development centres) owned by Teamsun Group with ASH Group by way of leasing for information technology development purposes, together with the usage of such facilities, equipments and/or utilities as may be attached to or otherwise provided at such premises
“%”	per cent.

LETTER FROM THE BOARD

AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

Executive Directors:

Mr. Lai Yam Ting, Ready (*Vice Chairman*)
Mr. Hui Wing Choy, Henry (*Chief Executive Officer*)
Mr. Leung Tat Kwong, Simon

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-Executive Directors:

Mr. Hu Liankui (*Chairman*)
Mr. Wang Weihang

Principal Office in Hong Kong:

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

Independent Non-Executive Directors:

Ms. Young Meng Ying
Mr. Lu Jiaqi
Ms. Xu Peng

24th April 2013

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement made by the Company dated 21st March 2013.

On 21st March 2013, the Company and Teamsun, a controlling shareholder and a connected person of the Company, entered into the Supply Agreement in relation to: (i) sale and purchase of Products between ASH Group and Teamsun Group and (ii) provision or sharing of ASH Services and Teamsun Services.

On the same date, the Company and Teamsun entered into the Distributor Agreement, pursuant to which ASH has appointed Teamsun Group as a distributor in respect of the IT Products by ASH Group in the PRC.

The purpose of this circular is to provide you with further information regarding, among other things, (i) the Regulated Transactions and the Distributor Agreement; (ii) the recommendation of the Independent Board Committee regarding the Regulated Transactions and the Distributor Agreement to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Regulated Transactions and the Distributor Agreement, and to give you notice of the SGM at which the Supply Agreement, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof) will be considered, and if thought fit, approved.

LETTER FROM THE BOARD

2. SUPPLY AGREEMENT

Date

21st March 2013

Parties

- (i) The Company
- (ii) Teamsun, a controlling shareholder of the Company

Duration

The term of the Regulated Transactions shall commence on the date on which the condition precedent thereof as set out below is fulfilled and shall end on 31st December 2015 (both days inclusive), unless terminated earlier in accordance with the terms of the Supply Agreement.

Subject matters

(i) Product Contract(s)

Principal terms

Pursuant to the Supply Agreement, it is agreed that Teamsun Group shall supply and ASH Group shall purchase the Products of Teamsun Group as and when reasonably requested by ASH Group. It is also agreed that ASH Group shall supply and Teamsun Group shall purchase the Products of ASH Group as and when reasonably requested by Teamsun Group.

All such supplies and purchases shall be carried out in accordance with the terms of the Supply Agreement and the specific terms of the relevant Product Contract(s). The Product Price, quantity, time and place of delivery, payment method, means of delivery and other terms and conditions of delivery of the relevant Products shall be determined by the relevant members of Teamsun Group and ASH Group from time to time under the relevant Product Contract(s).

The terms and conditions under the Product Contract(s) (including but not limited to the Product Price) for the supply of Products of ASH Group to Teamsun Group shall be determined with reference to market terms and prices which shall be no more favourable to Teamsun Group than those offered by ASH Group for similar Products to other independent third parties; and the terms and conditions under the Product Contract(s) (including but not limited to the Product Price) for the supply of Products of Teamsun Group to ASH Group shall be determined with reference to market terms and prices which shall be no less favourable to ASH Group than those offered by Teamsun Group for similar Products to other independent third parties.

To ensure that terms and conditions of the Product Contracts are no more/less favourable to Teamsun Group than those offered to/from independent third parties, ASH Group invites quotations from independent suppliers and/or buyers. The Company also compares quotations from Teamsun Group with other existing suppliers and/or buyers. For individual transactions exceeding a stipulated amount or terms which require special attention, management of

LETTER FROM THE BOARD

the Company also meets to discuss and consider the particulars before entering into such transactions. The Company also conducts monthly review of its transactions with Teamsun Group, in addition to the annual review by the independent non-executive Directors.

Proposed Annual Caps for purchase of Teamsun Group Products being part of the ASH Regulated Transactions

The Directors estimate that the annual caps for the Product Price payable by ASH Group to Teamsun Group under the Product Contract(s) for Teamsun Group Products for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$54.0 million, HK\$64.8 million and HK\$77.8 million respectively. Such annual caps are arrived at based on, among other things, (i) the historical amount of purchase of computer hardware, software, peripherals and other similar or associated products by the ASH Group in the sum of approximately HK\$0.8 million, HK\$2.5 million and HK\$8.3 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; (ii) the expected growth in the amount of purchase from Teamsun Group of approximately 20% for the financial years ending 31st December 2014 and 2015, which has been determined with reference to《軟體和資訊技術服務業「十二五」發展規劃》(the Twelfth Five Year Plan for the Software and Information and Technology Service Industry) (the “**IT Industry Plan**”) issued by the PRC government in April 2012, and sets out the PRC government’s target for the IT solutions industry to achieve aggregate revenue of RMB4.0 trillion by 2015, representing an average annual growth rate of approximately 24.5% from 2011 to 2015; and (iii) a buffer for the potential changes in the market conditions.

The proposed annual caps are also arrived at based on projected sales of products of a certain brand to Teamsun Group, which represents a new business segment for ASH Group. The historical amount of purchase of over HK\$8.0 million for the financial year ended 31st December 2012 in fact refers to the sales of the said branded products during the last quarter for that financial year solely. For this reason, it is not considered unreasonable by the Directors to estimate that sales of such branded products to Teamsun Group will expand exponentially over the course of the full financial year ending 31st December 2013.

The historical annual caps for the Product Price payable by ASH Group to Teamsun Group under the Product Contract(s) for Teamsun Group Products for each of the financial years ended 31st December 2010, 2011 and 2012 were HK\$2.6 million, HK\$41.3 million and HK\$49.6 million respectively.

Proposed Annual Caps for the sale of ASH Group Products being part of the Teamsun Regulated Transactions

The Directors further estimate that the annual caps for the Product Price receivable by ASH Group from Teamsun Group under the Product Contract(s) for ASH Group Products for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$20.4 million, HK\$24.5 million and HK\$29.4 million respectively. Such annual caps are arrived at based on, among other things, (i) the projected launches of certain computer hardware, software, peripherals and other similar or associated products by ASH Group which Teamsun Group may acquire during the term of the Supply Agreement; (ii) the estimated amount of the sale by ASH Group to Teamsun Group of ASH’s Products; and (iii) a buffer for the potential changes in the market conditions. There is no historical precedent for sale of ASH Group Products to Teamsun Group and hence no historical sales amount for the financial years ended 31st December 2010, 2011 and 2012 is available.

LETTER FROM THE BOARD

As mentioned in the above paragraph, there is no historical precedent for sale of ASH Group Products to Teamsun Group. The significant increase in the proposed annual caps is considered by the Company to be commercially justifiable based on the business potentials with Teamsun Group as elaborated below.

In determining the proposed annual caps, the Company has furthermore considered the following factors or assumptions: (i) the projected launch of self-developed intellectual property products by ASH Group which will be used as an electronic information management tools (the “EIM”) for efficient management of information for day-to-day operational use, proper record keeping, knowledge sharing and decision support; (ii) the market potential of ASH Group Products, including EIM, to be launched to Teamsun Group’s customers after considering a number of factors such as the products’ functionality, products’ price, level of customers’ interest and availability of substitute, etc.; (iii) the anticipated demand from Teamsun Group’s customers demand for ASH Group Products, including EIM, in the PRC upon discussion with Teamsun Group given Teamsun Group’s established customers base and Teamsun Group’s understanding of information technology market in the PRC; and (iv) the business model and prospects of Teamsun Group and ASH Group.

The historical annual caps for the Product Price receivable by ASH Group from Teamsun Group under the Product Contract(s) for ASH Group Products for each of the financial years ended 31st December 2010, 2011 and 2012 were nil, HK\$2.0 million and HK\$5.9 million respectively.

(ii) Provision of Services

Principal terms

Pursuant to the Supply Agreement, Teamsun agrees to provide or cause to be provided Teamsun Services to ASH Group as and when reasonably requested by ASH Group. The Company also agrees to provide or cause to be provided the ASH Services to Teamsun Group as and when reasonably requested by Teamsun Group. Such transactions shall be carried out in accordance with the terms and conditions of the Supply Agreement and the specific terms of the relevant Service Contract(s) or the relevant Lease Agreement(s) (as the case may be).

For the Teamsun Services, the relevant member of ASH Group shall pay the Teamsun Service Fee to the relevant member of Teamsun Group. For the ASH Services, the relevant member of Teamsun Group shall pay the ASH Service Fee to the relevant member of ASH Group.

In cases of Service Contracts, both the Teamsun Service Fee in relation to the Type I Teamsun Services and the ASH Service Fee in relation to the Type I ASH Services shall be payable and settled within 30 days after the receipt of a valid invoice relating to the relevant Type I Teamsun Services or the relevant Type I ASH Services (as the case may be) provided in the relevant period. The amount, payment method and other details of payment of the Teamsun Service Fee in relation to the Type I Teamsun Services or the ASH Service Fee in relation to the Type I ASH Services (as the case may be) shall be separately determined and agreed by the relevant members of ASH Group and Teamsun Group under the relevant Service Contract(s).

The terms and conditions under the Service Contracts in relation to the Type I ASH Services (including but not limited to the ASH Service Fee for Type I ASH Services) shall be determined with reference to market terms and rates which shall be no more favourable to

LETTER FROM THE BOARD

Teamsun Group than those offered by ASH Group for similar services to other independent third parties; and the terms and conditions under the Service Contracts in relation to the Type I Teamsun Services (including but not limited to the Teamsun Service Fee for Type I Teamsun Services) shall be determined with reference to market terms and rates which shall be no less favourable to ASH Group than those offered by Teamsun Group for similar services to other independent third parties.

In cases of Lease Agreements, the term of lease, the amount of rental, payment method and other details thereof in relation to the provision or sharing of Type II Teamsun Services or Type II ASH Services (as the case may be) shall be separately determined and agreed between the relevant member of Teamsun Group and the relevant member of ASH Group under the relevant Lease Agreement(s).

The terms and conditions under the Lease Agreements in relation to the Type II ASH Services (including but not limited to rental) for the provision or sharing of Type II ASH Services shall be determined with reference to market terms and rates which shall be no more favourable to Teamsun Group than those offered by ASH Group for similar lease or services to other independent third parties; and the terms and conditions under the Lease Agreements in relation to the Type II Teamsun Services (including but not limited to rental) for the provision or sharing of Type II Teamsun Services shall be determined with reference to market terms and rates which shall be no less favourable to ASH Group than those offered by Teamsun Group for similar lease or services to other independent third parties.

To ensure that terms and conditions of the Service Contracts and Lease Agreements are no more/less favourable to Teamsun Group than those offered to/from independent third parties, ASH Group invites quotations from independent service providers and/or users or lessors and/or lessees. The Company also compares quotations from Teamsun Group with other existing service providers or users or lessors or lessees. For individual transactions exceeding a stipulated amount or terms which require special attention, management of the Company also meets to discuss and consider the particulars before entering into such transactions. The Company also conducts monthly review of its transactions with Teamsun Group, in addition to the annual review by the independent non-executive Directors.

Proposed Annual Caps for the Teamsun Services being part of the ASH Regulated Transactions

The Directors estimate that the aggregate annual caps for Teamsun Service Fee payable by ASH Group to Teamsun Group for Teamsun Services under the Service Contracts and the Lease Agreements (as the case may be) for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$34.8 million, HK\$47.0 million and HK\$63.4 million respectively. Such annual caps are arrived at based on, among other things, (i) the historical amount of purchase of information technology or information technology related functions and services by ASH Group in the PRC in the sum of approximately HK\$0.2 million, HK\$0.6 million and HK\$0.07 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; (ii) the estimated percentage of information technology or information technology related functions and services available to be sourced from Teamsun Group; (iii) the expected growth in the amount of purchase from Teamsun Group; (iv) the expected rental for Type II Teamsun Services; and (v) a buffer for the potential changes in the market conditions.

LETTER FROM THE BOARD

The proposed annual cap for 2013 is prepared with reference to the projected order schedule for Teamsun Services in 2013 as estimated by the Company. This includes: (i) the Company's assessment of possible business opportunities in information technology service of ASH Group according to tenders submitted or anticipated to be submitted by ASH Group for such services; (ii) ASH Group's proposed business strategies and development in its information technology service; and (iii) the Company's assessment of potential cooperation with Teamsun Group for maintaining a competitive cost structure of ASH Group. In view of the technical expertise of Teamsun Group, it is ASH Group's intention to sub-contract certain information technology development functions to Teamsun Group (the "**Sub-contracting Arrangement**") for enhancing the competitiveness of ASH Group. ASH Group is currently negotiating with Teamsun Group for the Sub-contracting Arrangement. In view of the increase in staff costs and the difficulty in recruiting experienced information technology staff in Hong Kong, the Company considers that the Sub-contracting Arrangement will enhance the cost efficiency of ASH Group in its business offering. The Company has estimated potential business opportunities with its customers for information technology service projects where the Sub-contracting Arrangement is considered to be potentially feasible and economically justifiable in arriving at the amount associated with Sub-contracting Arrangement, and such has been included as a component of projected order for Teamsun Services in 2013. In making estimation for the Sub-contracting Arrangement, the Company has also considered the projected customers needs for the types of application development services of information technology projects, skill sets required and staff costs in providing such information technology services for identifying potential Teamsun Services. Since there is no historical precedent for subcontracting services by ASH Group to Teamsun Group, the significant increase in the proposed annual caps is considered by the Company to be commercially sensible in venturing forth into a new business arrangement with Teamsun Group.

The historical rental amount for Type II Teamsun Services for the financial years ended 31st December 2010, 2011 and 2012 were HK\$82,000, HK\$225,000 and HK\$145,000 respectively.

The allocation of the proposed annual caps between Type I and Type II Teamsun Services are 99% and 1% respectively.

The expected growth rate for the aforementioned purchase amounts for Teamsun Services is 20%, which reflects the targeted average annual growth of the PRC's IT solutions industry of 24.5% as stipulated in the IT Industry Plan. The bases for determining such expected growth include (i) the projected order to be placed with Teamsun Group for Teamsun Services in connection with ASH Group's provision of information technology services for ASH Group's customers and (ii) a buffer.

The historical annual caps for Teamsun Service Fee payable by ASH Group to Teamsun Group for Teamsun Services under the Service Contracts and the Lease Agreements (as the case may be) for each of the financial years ended 31st December 2010, 2011 and 2012 were HK\$2.6 million, HK\$20.6 million and HK\$24.8 million respectively.

LETTER FROM THE BOARD

Proposed Annual Caps for the ASH Services being part of the Teamsun Regulated Transactions

The Directors also estimate that the aggregate annual caps for ASH Service Fee receivable by ASH Group from Teamsun Group for ASH Services under Service Contracts and the Lease Agreements (as the case may be) for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$20.4 million, HK\$24.5 million and HK\$29.4 million respectively. Such annual caps are arrived at based on, among other things, (i) the historical amount of purchase of information technology or information technology related functions and services by Teamsun Group from ASH Group in the sum of approximately HK\$0.01 million, HK\$0.6 million and HK\$1.7 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; (ii) the expected growth in the amount of purchase from ASH Group; (iii) the expected possibility for Type II ASH Services; and (iv) a buffer for the potential changes in the market conditions.

The proposed annual caps are arrived at based on discussion between ASH Group and Teamsun Group after considering the operational needs of Teamsun Group for ASH Services for serving its customers in Hong Kong and Southern China. The following factors have been taken into account in estimating the proposed annual caps: (i) the projected business opportunities for ASH Services as indicated by Teamsun Group in early 2013 after considering pipeline projects of Teamsun Group; (ii) the projected number of customers of Teamsun Group which will require ASH Services in service delivery by Teamsun Group; (iii) the anticipated volume and size of transaction to be handled by ASH Group for customers of Teamsun Group which will constitute ASH Services; and (iv) the expected growth of 20% in the projected transaction amount of Teamsun Group which requires provision of ASH Services by ASH Group (the “**Handling Value**”) for 2014 and 2015 as anticipated by Teamsun Group, which reflects the targeted average annual growth of the PRC’s IT solutions industry of 24.5% as stipulated in the IT Industry Plan.

The bases for determining the expected growth for the aforementioned purchase amounts for ASH Services include (i) the Handling Value; (ii) service fee to be charged to Teamsun Group for ASH Services as a percentage of Handling Value; and (iii) a buffer.

The historical rental amount for Type II ASH Services for the financial years ended 31st December 2010, 2011 and 2012 were HK\$12,000, HK\$12,000 and HK\$5,000 respectively. The significant increase in the annual proposed annual caps is considered by the Company to be commercially sensible in venturing forth into a new business arrangement with Teamsun Group.

The allocation of the proposed annual caps between Type I and Type II ASH Services are 99% and 1% respectively.

The historical annual caps for ASH Service Fee receivable by ASH Group from Teamsun Group for ASH services under the Service Contracts and the Lease Agreements (as the case may be) for each of the financial years ended 31st December 2010, 2011 and 2012 were HK\$0.7 million, HK\$3.9 million and HK\$11.7 million respectively.

LETTER FROM THE BOARD

Condition Precedent for the ASH Regulated Transactions and the Teamsun Regulated Transactions

The ASH Regulated Transactions and the Teamsun Regulated Transactions are conditional upon the approval of such (i) ASH Regulated Transactions and the Proposed Annual Caps for the annual aggregate amount which may become payable by ASH Group to Teamsun Group in respect of the ASH Regulated Transactions (including Product Price for Teamsun Group Products and the Teamsun Service Fee); and (ii) the Teamsun Regulated Transactions and the Proposed Annual Caps for the annual aggregate amount which may become receivable by ASH Group from Teamsun Group in respect of the Teamsun Regulated Transactions (including Product Price for ASH Group Products and the ASH Service Fee) by the Independent Shareholders at the SGM. In the event that the ASH Regulated Transactions or the Teamsun Regulated Transactions or the Proposed Annual Caps are not approved by the Independent Shareholders at a general meeting of the Company by 15th May 2013, the ASH Regulated Transactions and/or the Teamsun Regulated Transactions shall not take effect but without affecting the legality, validity and continuance of the other transactions contemplated under the Supply Agreement or the rights and obligations of the parties under the Supply Agreement.

The transactions contemplated under the Supply Agreement include only the ASH Regulated Transactions and Teamsun Regulated Transactions and no other transactions. The ASH Regulated Transactions and Teamsun Regulated Transactions are each subject to the Independent Shareholders' approval. In the event that the ASH Regulated Transactions are not approved by the Independent Shareholders, the legality, validity and continuance of remaining transactions, namely Teamsun Regulated Transactions are not affected (if Teamsun Regulated Transactions are approved by the Independent Shareholders). By the same token, the legality, validity and continuance of ASH Regulated Transactions are not affected if only ASH Regulated Transactions but not Teamsun Regulated Transactions are approved by the Independent Shareholders.

The Company will ensure the transaction amounts of the transactions contemplated under the Supply Agreement will not exceed the threshold which requires Independent Shareholders' approval prior to the SGM.

3. DISTRIBUTOR AGREEMENT

Date

21st March 2013

Parties

- (i) the Company
- (ii) Teamsun, a controlling shareholder of the Company

Duration

The term of the Distributor Agreement shall commence on the date when the condition precedent of the Distributor Agreement as set out below is fulfilled and shall end on 31st December 2015, unless terminated earlier in accordance with the terms of the Distributor Agreement.

LETTER FROM THE BOARD

Subject matters

Principal terms

Pursuant to the Distributor Agreement, ASH shall appoint Teamsun Group, and Teamsun Group shall accept such appointment, as a non-exclusive distributor of ASH Group to promote, market, sell and distribute the IT Products, and to provide services in relation thereto, in Teamsun Group's own name and on its own account, to third party customers in the PRC. For the avoidance of doubt, Teamsun Group shall be appointed as a non-exclusive distributor of ASH Group for all Products sold by ASH Group.

ASH Group shall sell and Teamsun Group shall purchase the IT Products from ASH Group for sale and distribution to third party customers in the PRC in Teamsun Group's own name and on its own account. For the purpose of carrying on such business, ASH Group has granted Teamsun Group a non-exclusive license to use the trademarks, service marks, trade names, copyrights and all other intellectual property rights used in connection with the IT Products in promotion, marketing, selling, distributing and providing services in relation to the IT Products, and also the right to use the marketing, technical materials and other information in connection with the IT Products.

The License Fees, which means such prices, fees and license fees for the purchase of the IT Products (including all the related licences and rights (legal or otherwise) associated with the IT Products) as may be payable to ASH Group by Teamsun Group under the Purchase Orders, shall be determined and agreed by the relevant members of ASH Group and Teamsun Group from time to time, which shall be on normal commercial terms and negotiated on an arm's length basis and shall be no more favourable to Teamsun Group than those offered by ASH Group for similar IT Products to other independent third parties, and in case of the IT Products branded "Access Matrix", shall be determined with reference to the fees list set out in the Distributor Agreement. According to the said fees list for the IT Products branded "Access Matrix", such License Fees may be reviewed and adjusted twice a year by the parties, provided that any decrease or increase in License Fees shall be within a 10% threshold. The License Fees shall be paid by the relevant member of Teamsun Group to the relevant member of ASH Group within 30 days from the date of the relevant invoice for the IT Products under the relevant Purchase Order(s). The payment method and other details of payment of the License Fees shall be separately determined and agreed between the relevant member of Teamsun Group and the relevant member of ASH Group.

To ensure that terms and conditions of the transactions under the Distributor Agreement are no more favourable to Teamsun Group than those offered to independent third parties, ASH Group invites quotations from independent buyers and/or distributors. The Company also compares Purchase Orders with quotations from other existing buyers and/or distributors of its IT Products. For individual transactions exceeding a stipulated amount or terms which require special attention, management of the Company also meets to discuss and consider the particulars before entering into such transactions. The Company also conducts monthly review of its transactions with Teamsun Group, in addition to the annual review by the independent non-executive Directors.

Proposed annual caps

The transactions under the Distributor Agreement constitute a new type of continuing connected transaction between the Group and Teamsun Group. The Directors estimate that the annual caps for the License Fees (together with any other charges relating to the handling, packaging, marking, storage and transportation of the IT Products) payable by Teamsun Group to ASH Group for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$9.1 million, HK\$16.4

LETTER FROM THE BOARD

million and HK\$20.5 million respectively. Such annual caps are arrived at based on, among other things, (i) the projected sales volume and amount of the IT Products branded “Access Matrix”; (ii) the cost of purchase of the IT Products of Teamsun Group from ASH Group; (iii) the projected sales amount of other IT Products for distribution as contemplated by Teamsun Group; and (iv) a buffer for the potential changes in the market conditions.

The proposed annual caps are arrived at based on the fact that the License Fees will be significantly higher during the initial years (due to their upfront and one-off nature) of their becoming payable by Teamsun Group. Thus, the Company believes that it is not unusual for the growth rate of the proposed annual caps to fall from 80% for the year ending 31st December 2014 as compared to 2013, to 25% for the year ending 31st December 2015 as compared to 2014. The substantial drop in the License Fees is also necessitated by the Company’s strategy of targeting specific industries (i.e. financial services industries including banks and insurance companies) and major customers, then meeting their product and service needs prior to penetrating into the broader market. For these reasons, the Company believes that fewer licenses will be sold for the year ending 31st December 2015 as compared to 2014.

Condition Precedent for the Distributor Agreement

The Distributor Agreement is conditional upon approval of the Distributor Agreement and the transactions contemplated thereunder and the annual caps thereof by the Independent Shareholders at the SGM. If such approval has not been obtained by 15th May 2013, the Distributor Agreement shall automatically be terminated.

The Company will ensure the transaction amounts of the transactions contemplated under the Distributor Agreement will not exceed the threshold which requires Independent Shareholders’ approval prior to the SGM.

4. REASONS FOR AND BENEFITS OF THE SUPPLY AGREEMENT AND THE DISTRIBUTOR AGREEMENT

Both ASH Group and Teamsun Group are reputable IT infrastructure, solution and services providers, and have well established distribution channels and networks in the Greater China region and the PRC respectively. The entering into of the Supply Agreement and the Distributor Agreement will enhance the efficiency and sales capabilities of ASH Group’s existing distribution channels and networks by sharing the business know-how between ASH Group and Teamsun Group. In addition, the Directors believe that the cooperation between ASH Group and Teamsun Group would allow the realisation of substantial synergies in terms of, among others, convenience, support and marketing of ASH Group Products and services. The increased co-operation would be expected to bring considerable and stable contribution to ASH Group’s revenue and profitability in the long run.

In particular, pursuant to the Distributor Agreement and based on the annual caps for the License Fees together with the estimated sales amount of the IT Products and the bundling products and services, Teamsun Group may sell up to approximately HK\$46.0 million worth of the IT Products until 31st December 2015.

The Board (including Independent Non-Executive Directors but excluding Mr. Hu Liankui, Mr. Wang Weihang and Mr. Leung Tat Kwong, Simon who are considered to have material interests in the transactions and have abstained from voting on the resolutions of the Board relating to the Supply Agreement and the Distributor Agreement) is of the view that each of the Supply Agreement and the Distributor Agreement is entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm’s length negotiations between the parties; and (iii) are on terms that

LETTER FROM THE BOARD

are fair and reasonable and in the interests of ASH Group and the Shareholders as a whole. Mr. Hu Liankui is a shareholder, the chairman and a director of Teamsun; Mr. Wang Weihang is a shareholder, the vice-chairman and president and a director of Teamsun; and Mr. Leung Tat Kwong, Simon is a director of a subsidiary of Teamsun.

5. INFORMATION ON ASH GROUP AND TEAMSUN GROUP

The Company is an investment holding company with its subsidiaries principally engaged in the business of information technology, providing systems integration, information technology infrastructure, software and consulting services, engineering support for products and solutions, managed services as well as supply of information technology and associated products in Hong Kong, Macau, Taiwan, the PRC, Singapore and Thailand.

Teamsun has been listed on the Shanghai Stock Exchange since 2004. Teamsun is an integrated information technology service provider in the PRC, with business scope covering information technology product service, application software development, value-added distribution and system integration. Teamsun's headquarter is located in Beijing, with wholly-invested subsidiaries in the United States of America and Hong Kong, and branches all over the PRC. As at the Latest Practicable Date, Teamsun is indirectly interested in approximately 67.05% Shares in the Company. Therefore, Teamsun is a controlling shareholder and a connected person of the Company.

6. LISTING RULES IMPLICATIONS

The Supply Agreement, the Distributor Agreement and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the relevant percentage ratios in respect of the annual caps for the amounts payable by ASH Group to Teamsun Group in relation to the ASH Regulated Transactions under the Supply Agreement (including the Product Price for Teamsun Group Products and the Teamsun Service Fee) exceed 5.0%, the ASH Regulated Transactions under the Supply Agreement and the relevant annual caps are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As some of the relevant percentage ratios in respect of the annual caps for the amounts receivable by ASH Group from Teamsun Group in relation to the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement (including the Product Price for ASH Group Products, the ASH Service Fee and the License Fees (together with any other charges relating to the handling, packaging, marking, storage and transportation of the IT Products)) exceed 5.0%, the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement (including their relevant annual caps) are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the Independent Non-Executive Directors, namely Ms. Xu Peng, Ms. Young Meng Ying and Mr. Lu Jiaqi has been established to advise the Independent Shareholders in respect of the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof).

LETTER FROM THE BOARD

Fortune Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof).

8. SGM

A notice convening the SGM is set out on pages 42 to 44 of this circular. At the SGM, resolutions will be proposed to approve the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof).

As Teamsun is regarded as having a material interest in the Supply Agreement, the Distributor Agreement and the respective transactions contemplated thereunder, it and its associate(s) will abstain from voting on the resolutions relating to the approval of the ASH Regulated Transactions, the Teamsun Regulated Transactions, and the transactions under the Distributor Agreement (including the respective annual caps thereof) at the SGM. As at the Latest Practicable Date, Teamsun and its associates are in aggregate holding 208,792,996 Shares, representing approximately 67.05% of the total issued share capital of the Company.

There is enclosed with this circular a proxy form for use at the SGM. Whether or not you intend to attend the SGM or any adjourned meeting in person, you are requested to complete and sign the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish. The votes at the SGM will be taken by poll.

9. GENERAL

The Independent Board Committee, after taking into account the recommendation of the Independent Financial Adviser, considers that the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof) are on normal commercial terms, the terms of which are fair and reasonable and are in the interests of the Group and the Shareholders as a whole, and recommends the Independent Shareholders to vote in favour of the resolutions to approve the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof) at the SGM.

The Independent Shareholders are advised to read carefully the letter from the Independent Board Committee and the letter from Fortune Financial as contained in this circular before deciding to vote for or against the resolutions to be proposed at the SGM to approve the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof).

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Mr. Hui Wing Choy, Henry
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee setting out its recommendation to the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.

AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

24th April 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as the Independent Board Committee to advise you in connection with the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof), details of which have been set out in the letter from the Board contained in the circular to the Shareholders dated 24th April 2013 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof) and the advice of Fortune Financial in relation thereto as set out on pages 18 to 36 of the Circular, we are of the opinion that the terms of the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and the entering into of the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof) are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the ASH Regulated Transactions, the Teamsun Regulated Transactions and the transactions under the Distributor Agreement (including the respective annual caps thereof).

Yours faithfully,
for and on behalf of
the Independent Board Committee

Ms. Xu Peng
Independent
Non-Executive Director

Ms. Young Meng Ying
Independent
Non-Executive Director

Mr. Lu Jiaqi
Independent
Non-Executive Director

LETTER FROM FORTUNE FINANCIAL

The following is the text of a letter received from Fortune Financial Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions (as defined below) for the purpose of inclusion in this circular.



Fortune Financial Capital Limited
35/F, Office Tower
Convention Plaza
Wanchai, Hong Kong

24th April 2013

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the ASH Regulated Transactions and the Teamsun Regulated Transactions under the Supply Agreement, and the transactions under the Distributor Agreement (collectively, the “**Continuing Connected Transactions**”) (including the respective annual caps thereof), the details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24th April 2013 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

On 21st March 2013, the Company entered into the Supply Agreement and the Distributor Agreement with Teamsun for conducting various transactions. As at the Latest Practicable Date, Teamsun is indirectly interested in approximately 67.05% of the equity interest in the Company, therefore Teamsun is a controlling Shareholder and a connected person of the Company.

Accordingly, all transactions contemplated under the Supply Agreement and the Distributor Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Given that (i) the annual caps for the amounts payable by ASH Group to Teamsun Group in relation to the ASH Regulated Transactions under the Supply Agreement (including the Product Price for Teamsun Group Products and the Teamsun Service Fee) will cause some of the relevant percentage ratios to exceed 5%; and (ii) the annual caps for the amounts receivable by ASH Group from Teamsun Group in relation to the Teamsun Regulated Transactions under the Supply Agreement and the transactions under the Distributor Agreement (including the Product Price for ASH Group Products, the ASH Service Fee and the License Fees (together with any other charges relating to the handling, packaging, marking, storage and transportation of the IT Products)) will cause some of the relevant percentage ratios to exceed 5%, the Continuing Connected Transactions will be subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Teamsun and its associate(s) will abstain from voting on the resolutions for approving the Continuing Connected Transactions (including the respective annual caps thereof).

LETTER FROM FORTUNE FINANCIAL

The Independent Board Committee comprising Ms. Xu Peng, Ms. Young Meng Ying and Mr. Lu Jiaqi, being the independent non-executive Directors, has been formed to advise the Independent Shareholders on whether the Continuing Connected Transactions (including the respective annual caps thereof) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company nor have we considered the taxation implication on ASH Group or the Shareholders as a result of the transactions herein.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions (including the respective annual caps thereof), we have considered the following principal factors and reasons:

I. Information on ASH Group and Teamsun Group

The Company is an investment holding company with its subsidiaries principally engaged in the business of information technology, providing systems integration, information technology infrastructure, software and consulting services, engineering support for products and solutions, managed services as well as supply of information technology and associated products in Hong Kong, Macau, Taiwan, the PRC, Singapore and Thailand.

LETTER FROM FORTUNE FINANCIAL

Teamsun, a controlling Shareholder, is an integrated information technology service provider in the PRC and a company listed on Shanghai Stock Exchange since 2004. The business scope of Teamsun Group covers information technology product service, application software development, value-added distribution and system integration. Teamsun's headquarters is located in Beijing, with wholly-invested subsidiaries in the United States of America and Hong Kong, and branches all over the PRC.

II. Reasons for and benefits of the Continuing Connected Transactions

The Continuing Connected Transactions cover (i) ASH Group's purchase of Teamsun Group Products and Teamsun Services which constitute the ASH Regulated Transactions under the Supply Agreement; (ii) ASH Group's sale of ASH Group Products and ASH Services which constitute the Teamsun Regulated Transactions under the Supply Agreement; and (iii) ASH Group's sale of IT Products to Teamsun Group for resale to customers in the PRC with Teamsun Group's appointment as a non-exclusive distributor of ASH Group under the Distributor Agreement.

Both ASH Group and Teamsun Group are reputable IT infrastructure, solution and services providers, and have well established distribution channels and networks in the Greater China region and the PRC respectively. Based on the website of Teamsun, it was made known to us that it has an extensive distribution network with branches established all over major cities in the PRC, such as Shanghai, Guangzhou, Shenzhen, Nanjing, Chengdu and etc. For ASH Group, its principal services offered are in Hong Kong whereas contributions from Macau, Taiwan, the PRC and Thailand are meager. Accordingly, geographical coverage of Teamsun Group and ASH Group are different.

As stated in the Letter from the Board, the reason for the entering into of the Supply Agreement and the Distributor Agreement is to allow sharing of business know-how between ASH Group and Teamsun Group, thereby enhancing the efficiency and sales capabilities of ASH Group's existing distribution channels and networks.

Furthermore, it is envisaged that considerable and stable contribution to ASH Group's revenue and profitability in the long run would be expected from the increased co-operation. In particular, pursuant to the Distributor Agreement and based on the annual caps for the License Fees, ASH Group may sell up to HK\$46.0 million worth of the IT Products until 31st December 2015.

Regarding the Teamsun Regulated Transactions, they comprise the sale of ASH Group Products and ASH Services by ASH Group to Teamsun Group. The Directors consider that ASH Group will be provided an opportunity to participate in the potential business transactions with Teamsun Group's customers in the course of Teamsun Group's business offering with its customers. Therefore, it will broaden the income base of ASH Group through potential cooperation with Teamsun Group.

In addition, the Directors envisage that the appointment of Teamsun Group as a non-exclusive distributor of IT Products in the PRC according to the Distributor Agreement will enable ASH Group to promote its IT Products to customers in the PRC leveraging on Teamsun Group's extensive distribution network of Teamsun Group in the PRC and will bring in revenue to ASH Group.

With both ASH Group and Teamsun Group being IT products and services providers, the Directors believe that the cooperation between ASH Group and Teamsun Group will allow the realisation of substantial synergies in terms of, among others, convenience, support and marketing of ASH Group Products and Services.

LETTER FROM FORTUNE FINANCIAL

We are given to understand that with the established scale of operation of Teamsun Group, it enjoys economies of scale in purchase and production in the PRC. Compared with the scale of procurement made by ASH Group, Teamsun Group is capable of procuring products and services at lower costs. Accordingly, procurement of Teamsun Group Products and Teamsun Services by ASH Group under the ASH Regulated Transactions from Teamsun Group may enable ASH Group to enjoy those discounts not available to ASH Group from Teamsun Group's suppliers. Furthermore, it will diversify ASH Group's source of supply.

Taking into account the principal business of ASH Group and the nature of the Continuing Connected Transactions, we are of the view that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and Shareholders as a whole.

III. ASH Regulated Transactions under the Supply Agreement

On 21st March 2013, the Company entered into the Supply Agreement with Teamsun. ASH Regulated Transactions under the Supply Agreement comprise (i) the Product Contract(s) for Teamsun Group Products; and (ii) the Service Contract(s) and the Lease Agreement(s) for Teamsun Services (as the case may be).

The term of the ASH Regulated Transactions under the Supply Agreement shall commence on the date when the ASH Regulated Transactions and the annual caps payable by ASH Group to Teamsun Group for the ASH Regulated Transactions (including Product Price for Teamsun Group Products and Teamsun Service Fee) are approved by the Independent Shareholders at the SGM and shall end on 31st December 2015. As set out in the Letter from the Board, the Company will ensure that the transaction amounts of the transactions contemplated under the Supply Agreement will not exceed the threshold which requires Independent Shareholders' approval prior to the SGM.

In order to assess the fairness and reasonableness of the ASH Regulated Transactions under the Supply Agreement, we have reviewed the terms of the ASH Regulated Transactions.

a. Product Contract(s) for Teamsun Group Products

(i) Principal terms

Pursuant to the Supply Agreement, in respect of the procurement of Teamsun Group Products, it is agreed that Teamsun Group shall supply and ASH Group shall purchase the Products of Teamsun Group in accordance with the terms of the Supply Agreement and the specific terms of the relevant Product Contract(s).

For each purchase of Teamsun Group Products, a Product Contract has to be entered into by relevant members of Teamsun Group and ASH Group.

Under the Product Contract(s) for the supply of Teamsun Group Products, the product price, quantity, time and place of delivery, payment method, means of delivery and other terms and conditions of delivery of the relevant Products shall be determined by the relevant members of Teamsun Group and ASH Group from time to time. In addition, the terms and conditions for such Product Contract(s) shall be determined with reference to market terms and prices and shall be no less favourable to ASH Group than those offered by Teamsun Group for similar Products to other independent third parties.

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We have been advised that for those Teamsun Group Products purchased by ASH Group in the past, ASH Group had not procured identical products from third party suppliers. For those historical Teamsun Group Products purchased by ASH Group, such products are solely supplied by Teamsun Group and there are no other qualified suppliers supplying identical products, therefore no quotations from ASH Group's suppliers are available for direct comparison. We are given to understand that although similar products have been purchased by ASH Group from third party suppliers, direct comparison between products from third party suppliers and those Teamsun Group Products purchased is not meaningful due to differences in the specification requirements of similar products. Such differences in specifications will therefore result in price differentials. Accordingly, no direct comparable transactions documents from independent third parties are available for our review and comparison.

Taking into account the diverse specification and customers' requirement in the IT industry and the nature of products supplied by Teamsun Group, the management of the Company ("**Management**") considers that the possibility for ASH Group in requesting exact and identical products as those requested by other third party customers of Teamsun Group for direct comparison purposes will be remote. Having considered that details of the terms and conditions of each purchase of Teamsun Group Products will be dealt with in the Product Contract and agreed upon after negotiation between relevant members of ASH Group and Teamsun Group with reference to the market terms and price at that time, we understand that it is normal commercial practice. Furthermore, members of ASH Group who will be responsible for commercial negotiations with Teamsun Group possess requisite knowledge and experience in IT industry and are familiar with market price and relevant specific requirements for relevant procurement. Neither ASH Group nor Teamsun Group could take advantage of each other as Product Price is not pre-determined. Instead, prices will be set with reference to the market condition at the time of negotiation of the Product Contract(s). Moreover, ASH Group will not be obliged to purchase Teamsun Group Products in the event both parties cannot agree on the terms of supply of Teamsun Group Products. ASH Group also has the sole discretion to purchase the Products from independent third party suppliers should it be more commercially sensible to do so.

Accordingly, we consider that the terms of the Product Contract(s) for Teamsun Group Products are on normal commercial terms and are fair and reasonable.

(ii) *Proposed Annual Caps for purchase of Teamsun Group Products being part of the ASH Regulated Transactions*

The annual caps for the Product Price payable by ASH Group to Teamsun Group under the Product Contract(s) for Teamsun Group Products for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$54.0 million, HK\$64.8 million and HK\$77.8 million respectively.

As set out in the Letter from the Board, such annual caps are arrived at based on, among other things, (i) historical amount of purchase of computer hardware, software, peripherals and other similar or associated products by ASH Group in the sum of approximately HK\$0.8 million, HK\$2.5 million and HK\$8.3 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; and (ii) the expected growth in the amount of purchase from Teamsun Group of approximately 20% for the financial years ending 31st December 2014 and 2015; and (iii) a buffer for the potential changes in the market conditions.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed the calculation schedule of the proposed annual caps and have discussed with the Management for the bases and assumptions used in such determination.

LETTER FROM FORTUNE FINANCIAL

According to Management, the annual cap for year 2013 was determined with reference to (i) the historical purchase amount of ASH Group for products with similar nature to the Products which demonstrated an upward trend; (ii) the projection of orders to be placed with Teamsun Group for the Products; and (iii) a buffer. In estimating orders to be placed with Teamsun Group, we understand that the following have been taken into consideration by Management: (i) the historical purchase of software of approximately HK\$8 million by ASH Group from Teamsun Group in last quarter of 2012; (ii) in early 2013, ASH Group anticipated that a pipeline order will be placed with Teamsun Group for the purpose of fulfilling potential ASH Group's customers' needs in view of ASH Group's current negotiation with a potential customer for software sales; (iii) Management's assessment of possible business opportunities in the PRC; and (iv) Management's assessment of potential cooperation with Teamsun Group. We are given to understand that ASH Group has been discussing with Teamsun Group to explore areas for potential cooperation. With the view of establishing a stronger presence in the PRC, it is ASH Group's intention to cooperate with Teamsun Group in the form of procurement of Teamsun Group Products which are considered to be economically efficient given Teamsun's established presence in the PRC. Based on the above, we consider it commercially sensible to make reference to projected orders to be placed with Teamsun Group for serving ASH Group's customers in determining the annual caps. Further, comparing the annual cap for 2013 of HK\$54.0 million with (i) the annualised order projected from historical purchase of ASH Group from Teamsun Group in the last quarter of 2012, in the amount of approximately HK\$32 million; (ii) the estimated size of a sales order with a potential ASH Group's customer of over several million Hong Kong dollars which is under negotiation by ASH Group; and (iii) projected order size which is arrived at after taking into account ASH Group's business development and upon discussion with Teamsun Group, the annual cap for 2013 appears to be reasonable.

After arriving at the annual caps for 2013, a growth rate of 20% is applied for arriving at the annual caps for 2014 and 2015. We are advised by Management that the expected growth of purchase from Teamsun Group of 20% is estimated based on ASH Group's targeted business growth in the course of its future business development in the expansion of products portfolio and customer base. It has been made known to us that in ASH Group's future business development, ASH Group will attempt to enhance its market penetration in the PRC for establishing a stronger foothold in the PRC as a comprehensive one-stop information technology solutions and services provider in light of the software and information technology services (the "**IT Solutions**") development in the PRC. According to the Twelfth Five Year Plan for the Software and Information and Technology Service Industry (《軟體和資訊技術服務業“十二五”發展規劃》) (the "**IT Industry Plan**") issued by the PRC government in April 2012, the aggregate revenue of the IT Solutions industry in the PRC has achieved an average annual growth rate of about 28.3% from 2006 to 2010 and with aggregate revenue of approximately RMB1.36 trillion in 2010. According to the IT Industry Plan, it sets out the PRC government's target for the IT Solutions industry to achieve aggregate revenue of RMB4.0 trillion by 2015, representing an average annual growth rate of approximately 24.5% from 2011 to 2015. According to the statistics published by the Ministry of Industry and Information Technology of the PRC, the aggregate revenue generated by the IT Solutions industry recorded a growth of approximately 38.7% and 32.7% in 2011 and 2012 respectively from the preceding year, which exceeds the targeted average annual growth as stipulated in the IT Industry Plan of 24.5%. Taking into account that the annual cap for 2013 is determined based on projected orders to be placed with Teamsun Group, the growth in annual caps of 20% and making a comparison with the targeted average annual growth of the PRC's IT Solution industry as stipulated in the IT Industry Plan of 24.5%, we consider that the growth in the annual caps is justifiable.

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In assessing the fairness and reasonableness of the buffers incorporated in the annual caps, we have reviewed the calculation schedule of annual caps and discussed with Management regarding the bases and factors considered in determining the buffers. We are given to understand that Management has considered (i) business models and business development of both ASH Group and Teamsun Group; (ii) potential collaboration between ASH Group and Teamsun Group; (iii) possible inflation; and (iv) possible appreciation of RMB in relevant period in estimating the buffers. Furthermore, inclusion of a buffer against the unexpected growth in purchase is considered reasonable in the event that the prices of Teamsun Group Products are more competitive than ASH Group's independent third party suppliers. In addition, a buffer would enable ASH Group to accommodate the unexpected growth in purchase from Teamsun Group if the actual purchase requirement of ASH Group exceeds projected orders to be placed with Teamsun Group in ASH Group's business development.

Based on the above, we consider that the bases of determining the proposed annual caps for Product Price payable by ASH Group to Teamsun Group under the Product Contract(s) for Teamsun Group Products are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

b. Provision of Teamsun Services

(i) Principal terms

Pursuant to the Supply Agreement, in respect of Teamsun Services (Type I Teamsun Services and Type II Teamsun Services), it is agreed that Teamsun Group shall provide Teamsun Services to ASH Group in accordance with the terms and conditions of the Supply Agreement and the specific terms of the relevant Service Contract(s) for Type I Teamsun Services or the relevant Lease Agreement(s) for Type II Teamsun Services.

Service Contract(s) for Type I Teamsun Services shall be separately entered into by relevant members of Teamsun Group and ASH Group for the determination of the amount, payment method and other details of payment of Teamsun Service Fee. The terms and conditions for such Service Contract(s) for Type I Teamsun Services shall be determined with reference to market terms and rates and shall be no less favourable to ASH Group than those offered by Teamsun Group for similar services to other independent third parties.

Lease Agreement(s) for Type II Teamsun Services shall be separately entered into by relevant members of Teamsun Group and ASH Group for the determination of the term of lease, the amount of rental, payment method and other details thereof. The terms and conditions for such Lease Agreement(s) for Type II Teamsun Services shall be determined with reference to market terms and rates and shall be no less favourable to ASH Group than those offered by Teamsun Group for similar lease or services to other independent third parties.

We have been advised that for those Teamsun Services purchased by ASH Group in the past, ASH Group has not requested same type of services from third party suppliers. Accordingly, no direct comparable transactions documents from independent third parties are available for our review and meaningful comparison. Taking into account the diverse specification and customers' requirement in the IT industry and the nature of services supplied by Teamsun Group, the Management considers that the possibility for ASH Group in requesting exact and identical services as those requested by other third party customers of Teamsun Group for direct comparison purposes will be remote. We have been further advised that ASH Group is

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negotiating with Teamsun Group for Teamsun Services and ASH Group has obtained a quotation from an independent third party for providing similar services. We have reviewed such quotation from the independent third party and the draft services agreement with Teamsun Group for the aforesaid services. Upon our review, we note that the fee quoted by the said third party is higher than the fees in the draft services agreement with Teamsun Group.

In addition, having considered that details of the terms and conditions of each Teamsun Service will be dealt with separately in the Service Contract(s) and the Lease Agreement(s) (as the case may be) and agreed upon after negotiation between relevant members of ASH Group and Teamsun Group with reference to the market terms and rates at that time, we are of the view that it is normal commercial practice. Furthermore, members of ASH Group who will be responsible for commercial negotiations with Teamsun Group possess requisite knowledge and experience in the IT industry and are familiar with market price and relevant specific requirements for relevant procurement. Neither ASH Group nor Teamsun Group could take advantage of each other as Teamsun Service Fee is not pre-determined. Instead, those service fees will be set with reference to the market condition at the time of negotiation of the relevant Service Contract(s) or the relevant Lease Agreement(s). Moreover, ASH Group will not be obliged to procure Teamsun Services in the event both parties cannot agree on the terms of such services. ASH Group also has the sole discretion to procure Teamsun Services from independent third party suppliers should it be more commercially sensible.

Based on the above, we consider that the terms of the Service Contract(s) and the Lease Agreement(s) (as the case may be) for Teamsun Services are on normal commercial terms and are fair and reasonable.

(ii) Proposed Annual Caps for Teamsun Services being part of the ASH Regulated Transactions

The aggregate annual caps for Teamsun Service Fee payable by ASH Group to Teamsun Group for Teamsun Services will be approximately HK\$34.8 million, HK\$47.0 million and HK\$63.4 million for each of the financial years ending 31st December 2013, 2014 and 2015 respectively.

According to the Letter from the Board, such annual caps are arrived at based on, among other things, (i) historical amount of purchase of information technology or information technology related functions and services by ASH Group in the PRC in the sum of approximately HK\$0.2 million, HK\$0.6 million and HK\$0.07 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; (ii) estimated percentage of information technology or information technology related functions and services available to be sourced from Teamsun Group; (iii) the expected growth in the amount of purchase from Teamsun Group; (iv) the expected rental for Type II Teamsun Services; and (v) a buffer for the potential changes in the market conditions.

Upon our review of the calculations of annual caps, we note that the annual caps are determined with reference to (i) the projected order to be placed with Teamsun Group for Teamsun Services in connection with ASH Group's provision of information technology services for ASH Group's customers and (ii) a buffer.

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The annual cap for 2013 is prepared with reference to the projected order schedule for Teamsun Services in 2013 as estimated by Management. As advised by Management, in estimating the projected order for Teamsun Services in 2013, reference has been made to (i) Management's assessment of possible business opportunities in information technology service of ASH Group according to tenders submitted or anticipated to be submitted by ASH Group for such services; (ii) ASH Group's proposed business strategies and development in its information technology service; and (iii) Management's assessment of potential cooperation with Teamsun Group for maintaining a competitive cost structure of ASH Group. It has been made known to us that in view of the technical expertise of Teamsun Group, it is ASH Group's intention to sub-contract certain information technology development functions to Teamsun Group (the "**Sub-contracting Arrangement**") for enhancing competitiveness of ASH Group. ASH Group is currently negotiating with Teamsun Group for the Sub-contracting Arrangement. We understand that in view of the increase in staff costs and the difficulty in recruiting experienced information technology staff in Hong Kong, Management considers that the Sub-contracting Arrangement will enhance the cost efficiency of ASH Group in its business offering. Given ASH Group's intention to strengthen its competitiveness as a comprehensive IT Solutions provider, Management has estimated potential business opportunities with its customers for information technology service projects where the Sub-contracting Arrangement is considered to be potentially feasible and economically justifiable in arriving at the amount associated with Sub-contracting Arrangement and such has been included as a component of projected order for Teamsun Services in 2013. In making estimation for the Sub-contracting Arrangement, Management has also considered the projected customers' needs for the types of application development services of information technology projects, skill sets required and staff costs in providing such information technology services for identifying potential Teamsun Services.

Based on the above, we consider it commercially sensible to make reference to projected orders for Teamsun Services for serving ASH Group's customers with the view of enhancing cost efficiency and competitiveness of ASH Group in its delivery of information technology services in determining the annual caps.

Furthermore, a growth rate of 35% is applied for arriving at the annual caps for 2014 and 2015 which is associated with the expected growth in purchase of Teamsun Services of 35% in connection with ASH Group's development of the information technology services business. Having considered (i) ASH Group's recent revenue growth from provision of information technology services of approximately 22.1% for the six months ended 30th June 2012 as compared with the corresponding period in 2011; (ii) ASH Group's proposed business development strategies in the shift of ASH Group's focus of business mix towards provision of information technology services which carry comparatively higher profit margin that will in turn drive the demand for Teamsun Services; (iii) effect of possible inflation; (iv) the challenge of recruiting experienced information technology professional in Hong Kong; and (v) procurement of Teamsun Services for enhancing cost efficiency in ASH Group's delivery of information technology services, we consider the growth in the annual caps is justifiable.

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In assessing the fairness and reasonableness of the buffers incorporated in the annual caps, we have reviewed the calculation schedule of annual caps and discussed with Management regarding the bases and factors considered in determining the buffers. We are given to understand that Management has considered (i) business models and business development of both ASH Group and Teamsun Group; (ii) potential collaboration between ASH Group and Teamsun Group; (iii) possible inflation; and (iv) possible appreciation of RMB in relevant period in estimating the buffers. Furthermore, inclusion of a buffer against the unexpected growth in purchase is considered reasonable in the event that the prices of Teamsun Services are more competitive than ASH Group's independent third party suppliers. In addition, buffers would enable ASH Group to accommodate unexpected growth in procurement of Teamsun Services from Teamsun Group if the actual purchase requirement of ASH Group exceeds projected orders be placed with Teamsun Group in ASH Group's business development.

Therefore, we consider that the bases of determining the proposed annual caps for Teamsun Service Fees are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

IV. Teamsun Regulated Transactions under the Supply Agreement

On 21st March 2013, the Company entered into the Supply Agreement with Teamsun. Teamsun Regulated Transactions under the Supply Agreement comprise (i) Product Contract(s) for ASH Group Products; and (ii) Service Contract(s) and the Lease Agreement(s) for ASH Services (as the case may be).

The term of the Teamsun Regulated Transactions under the Supply Agreement shall commence on the date when the Teamsun Regulated Transactions and the annual caps receivable by ASH Group from Teamsun Group for the Teamsun Regulated Transactions (including Product Price for ASH Group Products and ASH Service Fee) are approved by the Independent Shareholders at the SGM and shall end on 31st December 2015. As set out in the Letter from the Board, the Company will ensure that the transaction amounts of the transactions contemplated under the Supply Agreement will not exceed the threshold which requires Independent Shareholders' approval prior to the SGM.

In order to assess the fairness and reasonableness of the Teamsun Regulated Transactions under the Supply Agreement, we have reviewed the terms of the Teamsun Regulated Transactions.

a. Product Contract(s) for ASH Group Products

(i) Principal terms

Pursuant to the Supply Agreement, in respect of the sale of ASH Group Products, it is agreed that ASH Group shall supply and Teamsun Group shall purchase the Products of ASH Group in accordance with the terms of the Supply Agreement and the specific terms of the relevant Product Contract(s).

For each sale of ASH Group Products, a Product Contract has to be entered into by relevant members of Teamsun Group and ASH Group.

Under the Product Contract(s) for the sale of ASH Group Products, the Product Price, quantity, time and place of delivery, payment method, means of delivery and other terms and conditions of delivery of the relevant Products shall be determined by the relevant members of ASH Group and Teamsun Group from time to time. In addition, the terms and conditions for such Product Contract(s) shall be determined with reference to market terms and prices and shall be no more favourable to Teamsun Group than those offered by ASH Group for similar Products to other independent third parties.

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We have been advised that no historical sales were made by ASH Group to Teamsun Group for ASH Group Products, therefore, no documents for the aforesaid transactions are available for our review for comparison with similar transactions with independent third parties.

Having considered that details of the terms and conditions of each sale of ASH Group Products will be dealt with in the Product Contract and agreed upon after negotiation between relevant members of ASH Group and Teamsun Group with reference to the market terms and price at that time, we understand that it is normal commercial practice. Furthermore, members of ASH Group who will be responsible for commercial negotiation with Teamsun Group possess requisite knowledge and experience in the IT industry and are familiar with market price and relevant specific requirements for relevant product sales. Neither ASH Group nor Teamsun Group could take advantage of each other as Product Price is not pre-determined. Instead, prices will be set with reference to the market condition at the time of negotiation of the Product Contract(s). Moreover, ASH Group will not be obliged to sell ASH Group Products in the event both parties cannot agree on the terms of supply of ASH Group Products. ASH Group also has the sole discretion to sell the Products to independent third party customers should it be more commercially sensible.

Accordingly, we consider that the terms of the Product Contract(s) for ASH Group Products are on normal commercial terms and are fair and reasonable.

(ii) Proposed Annual Caps for sale of ASH Group Products being part of the Teamsun Regulated Transactions

The annual caps for the Product Price receivable by ASH Group from Teamsun Group under the Product Contract(s) for ASH Group Products for each of the financial years ending 31st December 2013, 2014 and 2015 will be HK\$20.4 million, HK\$24.5 million and HK\$29.4 million respectively.

As set out in the Letter from the Board, such annual caps are arrived at based on, among other things, (i) the projected launches of certain computer hardware, software, peripherals and other similar or associated products by the ASH Group which Teamsun Group may acquire during the term of the Supply Agreement; (ii) the estimated amount of the sale by ASH Group to Teamsun Group of ASH Group Products; and (iii) a buffer for the potential changes in the market conditions.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed the calculation schedule of the proposed annual caps and have discussed with Management for the bases and assumptions used in such determination.

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According to Management, the annual caps are determined with reference to (i) projected sales of ASH Group Products to Teamsun Group; and (ii) a buffer. Projected sales of ASH Group Products to Teamsun Group in 2013 has been arrived at based on discussion between ASH Group and Teamsun Group after considering the anticipated Teamsun Group's customers' demand for ASH Group Products in the PRC. We understand that the following have been considered, among others, during discussions between ASH Group and Teamsun Group for estimating the projected sales of ASH Group Products to Teamsun Group in 2013: (i) the projected launch of a self-developed intellectual property product by ASH Group which will be used as an electronic information management tool (the "EIM") for efficient management of information for day-to-day operational use, proper record keeping, knowledge sharing and decision support; (ii) the market potential of ASH Group Products, including EIM, to be launched to Teamsun Group's customers after considering a number of factors such as the products' functionality, products' price, level of customers' interest and availability of a substitute, etc.; (iii) the anticipated Teamsun Group's customers' demand for ASH Group Products, including EIM, in the PRC upon discussion with Teamsun Group given Teamsun Group's established customers base and Teamsun Group's understanding of information technology market in the PRC; and (iv) the business model and prospects of Teamsun Group and ASH Group. Based on the above, we consider it commercially sensible to make reference to projected sales of ASH Group Products in annual caps determination.

Furthermore, a growth rate of 20% is applied in arriving at the annual caps for 2014 and 2015 which is associated with the expected growth in sales of ASH Group Products to Teamsun Group in the PRC. Having considered (i) ASH Group's targeted business growth of approximately 20% in the course of its future business development in the expansion of products portfolio and customer base; (ii) ASH Group's future business development in enhancing its market penetration in the PRC in light of the development of the PRC IT Solutions industry; and (iii) the targeted average annual growth of the PRC's IT Solution industry as stipulated in the IT Industry Plan of 24.5% during 2011 to 2015, we consider the growth in the annual caps is justifiable.

In assessing the fairness and reasonableness of the buffers incorporated in the annual caps, we have reviewed the calculation schedule of annual caps and discussed with Management regarding the bases and factors considered in determining the buffers. We are given to understand that Management has considered (i) business models and business development of both ASH Group and Teamsun Group; (ii) potential collaboration between ASH Group and Teamsun Group; (iii) possible inflation; and (iv) possible appreciation of RMB in relevant period in estimating the buffers. Furthermore, inclusion of a buffer for accommodating unexpected growth in sales will provide ASH Group with greater flexibility in conducting business with Teamsun Group for bringing in incremental revenue and broadening the business opportunities of ASH Group. Based on the above, it is justifiable to include buffers in annual caps determination.

Based on the foregoing, we consider that the bases of determining the proposed annual caps for Product Price receivable by ASH Group from Teamsun Group under the Product Contract(s) for ASH Group Products are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

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b. Provision of ASH Services

(i) Principal terms

Pursuant to the Supply Agreement, in respect of ASH Services (Type I ASH Services and Type II ASH Services), it is agreed that ASH Group shall provide ASH Services to Teamsun Group in accordance with the terms and conditions of the Supply Agreement and the specific terms of the relevant Service Contract(s) for Type I ASH Services or the relevant Lease Agreement(s) for Type II ASH Services.

Service Contract(s) for Type I ASH Services shall be separately entered into by relevant members of ASH Group and Teamsun Group for the determination of the amount, payment method and other details of payment of ASH Service Fee. The terms and conditions for such Service Contract(s) for Type I ASH Services shall be determined with reference to market terms and rates and shall be no more favourable to Teamsun Group than those offered by ASH Group for similar services to other independent third parties.

Lease Agreement(s) for Type II ASH Services shall be separately entered into by relevant members of ASH Group and Teamsun Group for the determination of the term of lease, the amount of rental, payment method and other details thereof. The terms and conditions for such Lease Agreement(s) for Type II ASH Services shall be determined with reference to market terms and rates and shall be no more favourable to Teamsun Group than those offered by ASH Group for similar lease or services to other independent third parties.

We have been advised that for those sales made by ASH Group to Teamsun Group for ASH Services in the past, no identical type of services were provided by ASH Group to third party customers. Therefore, no direct comparable transactions documents from independent third parties are available for our review and meaningful comparison.

Having considered that details of the terms and conditions of each ASH Services will be dealt with separately in the Service Contract(s) and the Lease Agreement(s) (as the case may be) and agreed upon after negotiation between relevant members of ASH Group and Teamsun Group with reference to the market terms and rates at that time, we understand that it is normal commercial practice. Furthermore, members of ASH Group who will be responsible for commercial negotiations with Teamsun Group possess requisite knowledge and experience in the IT industry and are familiar with market price and relevant specific requirements for relevant service delivery. Neither ASH Group nor Teamsun Group could take advantage of each other as the ASH Service Fee is not pre-determined. Instead, those service fees will be set with reference to the market condition at the time of negotiation of the relevant Service Contract(s) or the relevant Lease Agreement(s). Moreover, ASH Group will not be obliged to provide ASH Services in the event both parties cannot agree on the terms of such services. ASH Group also has the sole discretion to provide ASH Services to independent third party customers should it be more commercially sensible.

Based on the above, we consider that the terms of the Service Contract(s) and the Lease Agreement(s) (as the case may be) for ASH Services are on normal commercial terms and are fair and reasonable.

(ii) Proposed Annual Caps for ASH Services being part of the Teamsun Regulated Transactions

The aggregate annual caps for ASH Service Fee receivable by ASH Group from Teamsun Group for ASH Services will be approximately HK\$20.4 million, HK\$24.5 million and HK\$29.4 million for each of the financial years ending 31st December 2013, 2014 and 2015 respectively.

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According to the Letter from the Board, such annual caps are arrived at based on, among other things, (i) historical amount of purchase of information technology or information technology related functions and services by Teamsun Group from ASH Group in the sum of approximately HK\$0.01 million, HK\$0.6 million and HK\$1.7 million for the financial years ended 31st December 2010, 2011 and 2012 respectively; (ii) the expected growth in the amount of purchase from ASH Group; (iii) the expected possibility for Type II ASH Services; and (iv) a buffer for the potential changes in the market conditions.

Upon our review of the calculations of annual caps, we note that the annual caps are determined with reference to (i) projected transaction amount of Teamsun Group which require provision of ASH Services by ASH Group (the “**Handling Value**”); (ii) service fee to be charged to Teamsun Group for ASH Services as a percentage of Handling Value; and (iii) a buffer.

According to Management, the Handling Value is arrived at based on discussion between ASH Group and Teamsun Group after considering the operational needs of Teamsun Group for ASH Services for serving its customers in Hong Kong and Southern China. We are given to understand that the following have been taken into account in estimating the Handling Value: (i) the projected business opportunities for ASH Services as indicated by Teamsun Group in early 2013 after considering pipeline projects of Teamsun Group; (ii) the projected number of customers of Teamsun Group which will require ASH Services in service delivery by Teamsun Group; (iii) the anticipated volume and size of transaction to be handled by ASH Group for customers of Teamsun Group which will constitute ASH Services; and (iv) the expected growth of 20% in Handling Value for 2014 and 2015 as anticipated by Teamsun Group.

Regarding the growth of 20% in Handling Value for 2014 and 2015, it has taken into account (i) the targeted average annual growth of the PRC’s IT Solution industry as stipulated in the IT Industry Plan of 24.5% (ii) Teamsun Group’s proposed business development in expansion of products portfolio and customer base will open up new opportunities for ASH Services and driving up the Handling Value; (iii) the possible extension of areas for ASH Group in provision of ASH Services to Teamsun Group taking into account business model and business development of both ASH Group and Teamsun Group; (iv) ASH Group’s intention of increasing collaboration with Teamsun Group, in particular, in capturing market opportunities in geographical region in Hong Kong and Southern China; and (v) ASH Group’s recent revenue growth in information technology services of approximately 22.1% in the first half of 2012. Based on the foregoing, we consider the growth is not excessive.

Regarding the rate of service charge as a percentage of Handling Value for ASH Services, it has been estimated after negotiations between ASH Group and Teamsun Group when considering such factors as profits level attributable to ASH Group’s customers in Hong Kong, ASH Group’s reduced effort in price negotiation with customers and minimal level of risk of default payment from Teamsun Group.

Based on the above, we consider it commercially sensible to make reference to the Handling Value in determining the annual caps.

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In assessing the fairness and reasonableness of the buffers incorporated in annual caps, we have reviewed the calculation schedule of annual caps and discussed with Management regarding the bases and factors considered in determining the buffers. We are given to understand that Management has considered (i) business models and business development of both ASH Group and Teamsun Group; (ii) potential collaboration between ASH Group and Teamsun Group; and (iii) possible inflation in relevant period in estimating the buffers. Furthermore, inclusion of buffer for accommodating unexpected growth in sales will provide ASH Group with greater flexibility in conducting business with Teamsun Group for bringing in incremental revenue and broadening the business opportunities of ASH Group. In view of the above, it is justifiable to include buffers in annual caps determination.

Therefore, we consider that the bases of determining the proposed annual caps for ASH Service Fees are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

V. Distributor Agreement

Pursuant to the Distributor Agreement, Teamsun Group has been appointed as a non-exclusive distributor of ASH Group in respect of the IT Products in the PRC. Under the Distributor Agreement, ASH Group shall sell the IT Products to Teamsun Group for sale to third party customers in the PRC in Teamsun Group's own name and on its own account.

The Distributor Agreement shall commence on the date when the condition set out in the agreement is fulfilled and end on 31st December 2015. As set out in the Letter from the Board, the Company will ensure that the transaction amounts of the transactions contemplated under the Distributor Agreement will not exceed the threshold which requires Independent Shareholders' approval prior to the SGM.

a. Principal terms

As set out in the Letter from the Board, the License Fees shall be determined and agreed by the relevant members of ASH Group and Teamsun Group from time to time, which shall be on normal commercial terms and negotiated on an arm's length basis and shall be no more favourable to Teamsun Group than those offered by ASH Group for similar IT Products to other independent third parties.

In respect of License Fees for the IT Products branded "Access Matrix", they shall be determined with reference to the fees list set out in the Distributor Agreement. According to the said fees list for the IT Products branded "Access Matrix", such License Fees may be reviewed and adjusted twice a year by the parties, provided that any decrease or increase in License Fees shall be within a 10% threshold.

As no historical sales were made by ASH Group to Teamsun Group for IT Products, no documents for the aforesaid transactions are available for our review for comparison with similar transactions with independent third parties.

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Given that the License Fees for IT Products (excluding IT Products branded “Access Matrix”) (“**Other IT Products**”) are negotiated based on arm’s length negotiation and shall be on normal commercial terms between relevant members of ASH Group and Teamsun Group with reference to the market price at that time, we understand that it is normal commercial practice. Furthermore, members of ASH Group who will be responsible for commercial negotiations with Teamsun Group possess requisite knowledge and experience in the IT industry and are familiar with market price and relevant specific requirements for relevant product sales. As the License Fees for Other IT Products are not pre-determined, instead fees will be set with reference to the market condition at the time of negotiation. Therefore, neither ASH Group nor Teamsun Group could take advantage of each other. Moreover, ASH Group will not be obliged to sell Other IT Products if both parties cannot agree on the fees. As such, we consider that pricing of Other IT Products are on normal commercial terms and are fair and reasonable.

In assessing the fairness and reasonableness of the License Fees for the IT Products branded “Access Matrix”, we have compared the fees list for “Access Matrix” as set out in the Distributor Agreement (the “**Access Matrix Fees List**”) with the price list of ASH Group for sale of “Access Matrix” by ASH Group in the PRC (the “**ASH Fees List**”) to an independent third party. According to our review, we note that the fees stated in the Access Matrix Fees List are the same as those stated in the ASH Fees List which are to be charged to an independent third party. As such, we consider that the pricing of Access Matrix are on normal commercial terms and are fair and reasonable.

The License Fees are payable to ASH Group within 30 days from the date of the relevant invoice, which is in line with the credit period of around 30 days offered to ASH Group’s customers. Therefore, we consider the payment terms to be justifiable.

In light of the above, we consider that License Fees are on normal commercial terms and are fair and reasonable.

b. Proposed annual caps

The annual caps for License Fees payable to ASH Group by Teamsun Group will be HK\$9.1 million, HK\$16.4 million and HK\$20.5 million for each of the financial years ending 31st December 2013, 2014 and 2015 respectively.

According to the Letter from the Board, such annual caps are arrived at based on, among other things, (i) the projected sales volume and amount of the IT Products branded “Access Matrix”; (ii) the cost of purchases of the IT Products of ASH Group by Teamsun Group; (iii) the projected sales amount of Other IT Products for distribution as contemplated by Teamsun Group; and (iv) a buffer for the potential changes in the market conditions.

In order to assess the fairness and reasonableness of the proposed annual caps, we have reviewed the calculation schedule of the proposed annual caps and have discussed with Management for the bases and assumptions used in such determination.

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Based on our discussion with Management, we note that in the determination of the annual caps for 2013 and 2014, they are determined with reference to the annual sales projection for “Access Matrix” (the “**Access Matrix Annual Sales**”) in 2013 and 2014. In arriving at the Access Matrix Annual Sales, Management has considered (i) the estimated sales volume of “Access Matrix”; (ii) the maximum annual sales potential for Access Matrix (the “**Access Matrix Annual Sales Potential**”); and (iii) the confidence level for achieving Access Matrix Annual Sales Potential. We have been advised that “Access Matrix” is a suite of security solutions which comprises several functional modules and each functional module could be adopted and purchased on a stand-alone basis. The functional modules of “Access Matrix” mainly cover applications for authentication, single sign-on, applicable security infrastructure and credential management. In this connection, the projected number of functional modules of “Access Matrix” from potential customers forms the basis for Management’s estimation of sales volume of “Access Matrix”. In estimating the sales volume, Management has considered the (i) number of modules to be purchased by both existing customers and potential customers; (ii) additional number of modules and additional number of licenses for different modules to be purchased by customers adopting “Access Matrix” in their business development; (iii) accumulation of customer base after launch of “Access Matrix”; and (iv) the number of potential new customers for “Access Matrix” as a result of sales and marketing activities and market recognition of “Access Matrix”. In estimating the Access Matrix Annual Sales Potential, Management has considered (i) the projected sales volume of Access Matrix; and (ii) the average sales value for projected sales volume. Given the flexibility provided by Access Matrix which allows customisation according to specific customers’ requirement, the average sales value differs from customers type and requirement. We are made known that in estimating the average sales value, Management has taken into account (i) the Access Matrix Fees List for price to be charged; and (ii) the number of functions and degree of customisation required for projected order. Upon determination of the Access Matrix Annual Sales Potential, according to Management’s experience, a confidence level will be applied for arriving at the Access Matrix Annual Sales. Based on the foregoing, in Management’s estimation of Access Matrix Annual Sales, references have been made to (i) the anticipated market opportunities in those business areas where “Access Matrix” shall apply to; (ii) its stage of product launch; and (iii) the stage of product adoption by potential customers. Given that ASH Group shall sell IT Products to Teamsun Group for distribution, we consider that it is reasonable to make reference to the Access Matrix Annual Sales for annual cap determination.

Upon our review of the calculation of the annual caps, we note that an estimated percentage of sales of “Access Matrix” through Teamsun Group is applied to the Access Matrix Annual Sales. Upon our enquiry with Management, we are given to understand that targeted customers in the PRC may either procure IT Products directly from software developer or from distributor. As such, according to Management’s experience and upon discussions with Teamsun Group, after considering (i) ASH Group’s proposed establishment of a subsidiary in the PRC for delivering the IT Products; (ii) Teamsun Group’s geographical establishment in the PRC; and (iii) Teamsun Group’s customer base, Management has estimated the proportion of sales of IT Products which will be distributed through Teamsun Group, and such percentage is applied for estimating the annual caps.

In assessing the fairness and reasonableness of the buffers incorporated in the annual caps, we have reviewed the calculation schedule of the annual caps and discussed with Management regarding the bases and factors considered in determining the buffers. We are given to understand that Management has considered (i) business models and business development of both ASH Group and Teamsun Group; (ii) potential collaboration between ASH Group and Teamsun Group; (iii) possible inflation; and (iv) possible appreciation of RMB in relevant period in estimating the buffers. In addition, in order to provide ASH Group with flexibility to capture any business opportunities of IT Products and unexpected favourable market response of new products to be launched in the future, we consider that it is reasonable to include a buffer to cater for the change in market conditions.

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The annual cap for the three years ending 31st December 2015 is on an increasing trend. The annual caps for year 2014 and 2015 will increase by approximately 80% and 25% respectively from the previous year. We are advised by Management that “Access Matrix” is in the early stage of a product life cycle which will require time in order to establish its market recognition. The annual cap for 2013 is set to accommodate ASH Group’s sale of IT Products to targeted potential customers in the financial sector, including financial institutions and major banking groups alongside with customers from other sectors, for their pilot run prior to the formal large-scale adoption of IT Products by potential customers. Management estimates that in general it will require about a year for IT Products to receive broader market recognition and for targeted customers in the financial sector to proceed with large-scale adoption of IT Products. Based on the foregoing and according to the sales projection of Access Matrix, we understand that sales of IT Products in 2014 is anticipated to increase as a result of (i) the accumulation of the customer base after launch of Access Matrix in 2013 which will follow with purchase of additional modules and licenses of Access Matrix in 2014; and (ii) the projected sales growth resulting from new customers upon establishing market recognition of Access Matrix. Therefore, the annual cap in 2014 will surge to accommodate the business potential of IT Products. Regarding the growth of 25% in the annual cap for 2015, taking into account (i) IT Products as security products for IT application; (ii) Management’s estimation of the growing demand for security products in IT sector in view of technology advancement; (iii) ASH Group’s business strategies in broadening portfolio of its IT security products; (iv) the Management’s estimation of recurring demand for maintenance of IT Products from potential customers, in particular, customers in the financial sector which are anticipated to have higher customer loyalty; and (v) the targeted average annual growth of the PRC’s IT Solution industry as stipulated in the IT Industry Plan of 24.5% during 2011 to 2015, we consider that the annual growth in annual caps is justifiable.

Based on the above, we consider that the bases of determining the proposed annual caps for License Fees payable by Teamsun Group to ASH Group are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

VI. Internal Control of ASH Group

ASH Group has set up procedures, guidelines and operation manuals for its procurement and sales process (the “**Control Procedures**”).

Concerning ASH Group’s procurement, as advised by the Management, we were made aware that ASH Group will invite quotations from those suppliers listed in the approved suppliers list maintained by ASH Group for comparison. ASH Group will select the supplier which offers the most attractive price prior to finalising purchase orders to be placed by ASH Group for its procurement.

Typically, ASH Group makes back-to-back purchases which are associated with corresponding indent sales. It has also been ASH Group’s policy that a prescribed minimum gross profit ratio has to be achieved for those indent sales where such gross profit ratio has been determined with reference to historical sales with independent third parties (the “**Minimum Profit Policy**”). As such, purchases of ASH Group will only be contemplated if it will bring in a prescribed profit level to ASH Group.

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Furthermore, ASH Group has implemented an approval procedure for material sales and purchase transactions of ASH Group which exceed a stipulated amount (the “**Material Transactions Approval Procedure**”). Review and approval from senior management of ASH Group, comprising the chief executive officer, head of sales department and finance manager, (collectively, the “**Approval Management Team**”) will be required for material sales and purchase transactions of ASH Group, among others, pricing, nature and scope of relevant material transactions. The Approval Management Team possesses substantial knowledge, experience and expertise in market information, customers’ requirement, technical know-how and other business development trend in the IT industry.

Moreover, as part of the internal control procedure of ASH Group, the sales operation department of ASH Group will be responsible for ensuring the Control Procedures; Minimum Profit Policy and Material Transactions Approval Procedures are followed by ASH Group in its purchase and sales operation.

After considering (i) the Control Procedures as stated above will enable ASH Group’s procurement to be conducted at market terms or at the most attractive terms; (ii) rationale of the Minimum Profit Policy in bringing in a prescribed profit level to ASH Group in its procurement and sales operation; (iii) approval of material sales and purchase transactions of ASH Group by the experienced and knowledgeable Approval Management Team which covers price determination; and (iv) monitoring of Control Procedures; Minimum Profit Policy and Material Transactions Approval Procedures by sales operation department of ASH Group in ASH Group’s purchase and sales operation, we consider that ASH Group has implemented adequate internal control procedures for governing the terms and conditions of the transactions contemplated under the Supply Agreement and the Distributor Agreement with Teamsun Group to be based on market terms and no less favourable to ASH Group than those with independent third parties.

RECOMMENDATION

Having taken into account the abovementioned factors and reasons, we are of the opinion that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company and the terms of the Supply Agreement governing the ASH Regulated Transactions and the Teamsun Regulated Transactions and the Distributor Agreement are on normal commercial terms. We also consider that the terms of the Supply Agreement governing the ASH Regulated Transactions and the Teamsun Regulated Transactions and the Distributor Agreement and the respective annual caps thereof for the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Continuing Connected Transactions (including the respective annual caps thereof).

Yours faithfully,
For and on behalf of
Fortune Financial Capital Limited
Ross Cheung
Managing Director & Head of Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executives

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) are required to be entered in the register pursuant to section 352 of the SFO; or (c) are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”), were as follows:

(i) Shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total	Approximate % of shareholding
The Company	Lai Yam Ting, Ready	3,949,621	—	—	—	3,949,621	1.27%
	Hui Wing Choy, Henry	974,000	—	—	—	974,000	0.31%
Automated Systems (H.K.) Limited	Lai Yam Ting, Ready	1,070,000 ¹	—	—	—	1,070,000	N/A ²
Teamsun	Hu Liankui	30,430,477	—	—	—	30,430,477	4.69%
	Wang Weihang	64,587,446	—	—	—	64,587,446	9.96%

(ii) Underlying Shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total
The Company	Hui Wing Choy, Henry	2,609,000 ³	—	—	—	2,609,000
	Leung Tat Kwong, Simon	1,020,000 ³	—	—	—	1,020,000

Notes:

- These shares were non-voting deferred shares.
- The issued shares of Automated Systems (H.K.) Limited comprised 55,350,000 non-voting deferred shares and 2 ordinary shares. The 2 ordinary shares were beneficially owned by the Company.
- Options to subscribe for Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had, any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which they are taken or deemed to have under such provisions of the SFO); or (b) are required to be entered in the register pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interests in the Company

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Number of ordinary shares of the Company held		Percentage of issued share capital %
	Direct interest	Deemed interest	
Hong Kong Teamsun	208,792,996	—	67.05
Teamsun	—	208,792,996 ¹	67.05

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 208,792,996 shares in which Hong Kong Teamsun was interested.

Save as mentioned above, as at the Latest Practicable Date, to the Directors' knowledge, there was no other person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

Each of (i) Mr. Hui Wing Choy, Henry and (ii) Mr. Leung Tat Kwong, Simon, Directors of the Company, entered into a director service contract with the Company for a term of 3 years commencing on 1st December 2011 and 1st January 2011 respectively, Mr. Lai Yam Ting, Ready, a Director of the Company, also entered into a director service contract with the Company for a term of 15 months commencing on 1st January 2013. The directorships of each of such Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contracts with the Company (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As Mr. Hu Liankui is a shareholder, the chairman and a director of Teamsun; Mr. Wang Weihang is a shareholder, the vice-chairman and president and a director of Teamsun; and Mr. Leung Tat Kwong, Simon is a director of a subsidiary of Teamsun, they are considered to be materially interested in the Supply Agreement, the Distributor Agreement and the respective transactions contemplated thereunder, particulars of which are set out in this circular.

Save for the following contracts or arrangements in which some of the Directors were regarded as having a material interest due to their directorship, senior management position and/or shareholding in the counterparty as disclosed below, none of the Directors were materially interested in any contract or arrangement subsisting as at the Latest Practicable Date, and which was significant in relation to the business of the Group:

- (a) During the year from 1st January 2012 to 31st December 2012, the Group engaged AsiaSoft Services Limited, a subsidiary of AsiaSoft Company Limited (“AsiaSoft”), for the provision of certain services (including software engineering outsourcing services, other IT related services and rental services), and an approximate total fee of HK\$6,582,000 was paid or payable by the Group for such services. Mr. Leung Tat Kwong, Simon, a Director of the Company, was considered interested in such transactions by virtue of his directorship and his disclosed shareholding in AsiaSoft.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December 2012 (being the date to which the latest published audited consolidated accounts of the Company were made up).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Directors were considered to have interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, particulars of which are set out below:

Name of Director	Name of the entities which were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entities which were considered to compete or likely to compete with the businesses of the Group	Nature of Director's interest in the entities
Hu Liankui	Teamsun	Information technology product service, application software development, value-added distribution and system integration	Chairman and director
	Beijing Huasun Mingtian Technology Co. Ltd.	Information technology related	Chairman
	Subsidiaries of Teamsun (excluding Hong Kong Teamsun)	Information technology related	Director
Wang Weihang	Teamsun	Information technology product service, application software development, value-added distribution and system integration	Vice chairman and president, director, and substantial shareholder
	Hong Kong Teamsun	Window company of Teamsun in Hong Kong and mainly provides administrative support to the clients of Teamsun in the PRC and Hong Kong	Sole director
	Subsidiaries of Teamsun (excluding Hong Kong Teamsun)	Information technology related	Director
Leung Tat Kwong, Simon	Pansky Technology Corporation Ltd. (a wholly owned subsidiary of Teamsun)	Information technology related	Director
	AsiaSoft and its subsidiaries	Information technology related	Director and/or substantial shareholder

As the Board is independent from the board of directors of the aforesaid companies, and as none of the above Directors controls the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the aforesaid companies.

Save as disclosed above, each of the Directors confirmed that as at the Latest Practicable Date, he and his associates did not have any other interests in a business apart from the Group's business, which competed or was likely to compete, either directly or indirectly with the Group's business.

7. INTEREST IN ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or Fortune Financial had any direct or indirect interest in any asset which had been, since 31st December 2012, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Group or were proposed to be acquired or disposed of, by or leased to any member of the Group.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice or opinion which are contained in this circular:

Name	Qualification
Fortune Financial	a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, Fortune Financial had no shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter of recommendation given by Fortune Financial set out on pages 18 to 36 of this circular are given as of 24th April 2013 for incorporation in this circular.

Fortune Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and the references to its name in the form and context in which they respectively appear.

9. GENERAL

The English text of this circular and the form of proxy shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the SGM:

- (a) the Supply Agreement;
- (b) the Distributor Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 17 of this circular; and
- (d) the letter from Fortune Financial, the text of which is set out on pages 18 to 36 of this circular.

NOTICE OF THE SGM

AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Automated Systems Holdings Limited (the “**Company**”) will be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on 15th May 2013 at 10:00 a.m. (or as soon thereafter as the 2013 annual general meeting of the Company convened at the same place and on the same date at 9:30 a.m. shall have been concluded or adjourned) for the purpose of considering and if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT:

1. “the Regulated Transactions (as defined in the circular of the Company dated 24th April 2013 (the “**Circular**”)) on the terms and conditions contained in the Supply Agreement (as defined in the Circular) dated 21st March 2013, the Proposed Annual Caps (as defined in the Circular) thereof and the transactions contemplated under the Regulated Transactions and in connection therewith and any other ancillary documents, be and are hereby approved, confirmed and ratified (copies of the Circular and the Supply Agreement have been produced to the Meeting and marked “A” and “B” respectively and initialed by the chairman of the Meeting for the purpose of identification), and that the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds (including without limitation the Product Contract(s) (as defined in the Circular), Service Contract(s) (as defined in the Circular) and the Lease Agreement(s) (as defined in the Circular)) and to do all such acts and things and to take all such steps as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the transactions contemplated under the Regulated Transactions (including the Proposed Annual Caps thereof) and all other matters incidental thereto as the directors of the Company may in their absolute discretion consider to be in the interests of the Company.”

NOTICE OF THE SGM

2. “the Distributor Agreement (as defined in the Circular) dated 21st March 2013 and the proposed annual caps for the License Fees (as defined in the Circular) (together with any other charges relating to the handling, packaging, marking, storage and transportation of the IT Products (as defined in the Circular)) as set out in the “Letter from the Board” in the Circular and the transactions contemplated under the Distributor Agreement, be and are hereby approved, confirmed and ratified (copy of the Distributor Agreement has been produced to the Meeting and marked “C” and initialed by the chairman of the Meeting for the purpose of identification), and that the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds (including without limitation the Purchase Order(s)) (as defined in the Circular)) and to do all such acts and things and to take all such steps as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the transactions contemplated under the Distributor Agreement (including the proposed annual caps thereof) and all other matters incidental thereto as the directors of the Company may in their absolute discretion consider to be in the interests of the Company and its shareholders as a whole.”

By order of the Board
Automated Systems Holdings Limited
Chan Chung Lei, Joan
Company Secretary

Hong Kong, 24th April 2013

NOTICE OF THE SGM

Notes:

1. The Register of Members will be closed from 10th May 2013 to 15th May 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the above meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 9th May 2013.
2. All resolutions to be considered at the Meeting will be taken by poll. On voting by poll, every member of the Company present in person or by a duly authorised corporate representative or by proxy shall have one vote for every fully paid share of the Company of which such member is the holder.
3. A shareholder of the Company entitled to attend and vote at this meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him, and on a poll, votes may be given either personally or by a duly authorised representative or by proxy in accordance with the bye-laws of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend this meeting. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
5. A form of proxy for use at the Meeting is enclosed with the Circular. Whether or not you intend to attend the Meeting or any adjourned meeting in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's branch registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.
6. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting at the Meeting or any adjournment thereof if he so wishes.

As at the date hereof, the board of directors of the Company comprises Mr. Lai Yam Ting, Ready, Mr. Hui Wing Choy, Henry and Mr. Leung Tat Kwong, Simon being Executive Directors, Mr. Hu Liankui and Mr. Wang Weihang being Non-Executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.