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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 SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

CONTINUING CONNECTED TRANSACTIONS

Financial adviser to Automated Systems Holdings Limited



SOMERLEY LIMITED

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

ATHENS CAPITAL

Athens Capital Limited

A letter from the Board is set out on pages 8 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular.

A letter from Athens Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 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 26th October 2010 at 9:00 a.m. is set out on pages 49 to 51 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 branch 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.

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DEFINITIONS

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

“Agreed Profit”	a percentage over the Total Revenue in respect of a Business Transaction, which percentage shall be set at 11.3% for the year ending 31st December 2010, 12.6% for the year ending 31st December 2011 and 13.9% for the year ending 31st December 2012
“ASH Customer(s)”	the customers of ASH Group as set out in the Supply Agreement and such other customers of ASH Group as may be specifically agreed in writing between the Company and Teamsun, from time to time, and an “ASH Customer” means any one of them
“ASH Group” or “Group”	the Company and its subsidiaries from time to time
“ASH Hosting Fee”	the agreed hosting fee payable by Teamsun Group to ASH Group for the introduction of ASH Customer(s) by ASH Group to Teamsun Group
“ASH Referral Fee”	the agreed referral fee payable by Teamsun Group to ASH Group for the referral of potential Business Transaction(s) with ASH Customer(s) by ASH Group to Teamsun Group
“ASH Referral Services”	the introduction of ASH Customer(s) and/or referral of potential Business Transaction(s) with ASH Customer(s) by ASH Group to Teamsun 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

DEFINITIONS

“Business Transaction(s)”	transaction(s) entered into in the ordinary and usual course of business in respect of provision of services and/or products on a contract-by-contract basis
“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 6th October 2010 in relation to the appointment of ASH Group as a distributor in respect of IT Products by Teamsun in territories outside the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hosting Fee”	ASH Hosting Fee or Teamsun Hosting Fee (as the case may be)
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders on the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof)
“Independent Financial Adviser” or “Athens Capital”	Athens Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof)

DEFINITIONS

“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 Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof)
“IT Products”	the information technology enhanced products, parts and accessories manufactured or sold by Teamsun Group, including without limitation, products branded “YesKey” and other security products similar to products branded “YesKey” or otherwise
“Latest Practicable Date”	6th October 2010, 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 Teamsun Group by ASH Group 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

DEFINITIONS

“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 to be provided by ASH Group or Teamsun Group (as the case may be) under the relevant Product Contract(s)
“Proposed Annual Caps”	the respective proposed annual caps for each of the financial years ending 31st December 2010, 2011 and 2012 for each of the Regulated Transactions under the Supply Agreement, for the purpose of Chapter 14A of the Listing Rules, as set out in the letter from the Board contained 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 issued by ASH Group with Teamsun Group as contemplated under the Distributor Agreement
“Referral Fee”	ASH Referral Fee or Teamsun Referral Fee (as the case may be)
“Referral Services”	the ASH Referral Services and Teamsun Referral Services
“Regulated Transactions”	the transactions contemplated under the Supply Agreement in relation to (i) the provision of Teamsun Referral Services by Teamsun Group to ASH Group; (ii) the acquisition of Products of Teamsun Group by ASH Group from Teamsun Group; and (iii) the provision of Teamsun Services by Teamsun Group to ASH Group, and a “Regulated Transaction” means one of them
“Remaining Transactions”	the transactions contemplated under the Supply Agreement in relation to (i) the provision of ASH Referral Services by ASH Group to Teamsun Group; (ii) the acquisition of Products of ASH Group by Teamsun Group from ASH Group; and (iii) the provision of ASH Services by ASH Group to Teamsun Group, and a “Remaining Transaction” means one of them

DEFINITIONS

“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 26th October 2010 at 9:00 a.m. to consider and, if thought fit, to approve the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“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 6th October 2010 in relation to the provision of Referral Services, sale and purchase of Products between ASH Group and Teamsun Group and the provision or sharing of ASH Services and Teamsun Services
“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)

DEFINITIONS

“Teamsun Customer(s)”	the customers of Teamsun Group as set out in the Supply Agreement and such other customers of Teamsun Group as may be specifically agreed in writing between the Company and Teamsun, from time to time, and a “Teamsun Customer” means any one of them
“Teamsun Group”	Teamsun and its subsidiaries from time to time but excluding ASH Group
“Teamsun Hosting Fee”	the agreed hosting fee payable by ASH Group to Teamsun Group for the introduction of Teamsun Customer(s) by Teamsun Group to ASH Group
“Teamsun Referral Fee”	the agreed referral fee payable by ASH Group to Teamsun Group for the referral of potential Business Transaction(s) with Teamsun Customer(s) by Teamsun Group to ASH Group
“Teamsun Referral Services”	the introduction of Teamsun Customer(s) and/or referral of potential Business Transaction(s) with Teamsun Customer(s) by Teamsun Group to ASH 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)
“Total Revenue”	the total amount of revenue derived from a Business Transaction
“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

DEFINITIONS

“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 SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

Executive Directors:

LAI Yam Ting, Ready (*Chief Executive Officer*)
LAU Ming Chi, Edward (*Chief Financial Officer*)
LEUNG Tat Kwong, Simon

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Directors:

HU Liankui (*Chairman*)
WANG Weihang
CHEN Zhaohui

*Head office and principal place of
business in Hong Kong:*

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

Independent non-executive Directors:

YOUNG Meng Ying
LU Jiaqi
XU Peng

8th October 2010

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement made by the Company dated 6th October 2010.

On 6th October 2010, the Company and Teamsun, a controlling shareholder and a connected person of the Company, entered into the Supply Agreement in relation to: (i) provision of Referral Services; (ii) sale and purchase of Products between ASH Group and Teamsun Group; and (iii) 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 Teamsun has appointed ASH Group as a distributor in respect of the IT Products by Teamsun Group outside the PRC.

LETTER FROM THE BOARD

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

2. SUPPLY AGREEMENT

Date

6th October 2010

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 2012 (both days inclusive), unless terminated earlier in accordance with the terms of the Supply Agreement.

As the Remaining Transactions is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, the term of the Remaining Transactions shall commence on the date of the Supply Agreement and shall end on 31st December 2012 (both days inclusive), unless terminated earlier in accordance with the terms of the Supply Agreement.

Subject matters

(i) *Referral Services*

Principal terms

Pursuant to the Supply Agreement, Teamsun Group may introduce Teamsun Customer(s) and/or refer potential Business Transaction(s) with Teamsun Customer(s) to ASH Group from time to time. If ASH Group enters into a Business Transaction with a Teamsun Customer, ASH Group shall pay Teamsun Group the Teamsun Hosting Fee for each Business Transaction to be determined in the following manner at the following rate:

- (a) if no maintenance service is provided by ASH Group to such Teamsun Customer under such Business Transaction: 40% of the Agreed Profit; or

LETTER FROM THE BOARD

- (b) if maintenance service is provided by ASH Group to such Teamsun Customer under such Business Transaction: 50% of the Agreed Profit.

In addition, a Teamsun Referral Fee of 20% of the Agreed Profit shall be paid by ASH Group to Teamsun Group whenever a Business Transaction is entered into by ASH Group with a Teamsun Customer which was referred to ASH Group by Teamsun Group.

At the same time, ASH Group may introduce ASH Customer(s) and/or refer potential Business Transaction(s) with ASH Customer(s) to Teamsun Group from time to time. If Teamsun Group enters into a Business Transaction with an ASH Customer, Teamsun Group shall pay ASH Group the ASH Hosting Fee for each Business Transaction to be determined in the following manner at the following rate:

- (a) if no maintenance service is provided by Teamsun Group to such ASH Customer under such Business Transaction: 40% of the Agreed Profit; or
- (b) if maintenance service is provided by Teamsun Group to such ASH Customer under such Business Transaction: 50% of the Agreed Profit.

In addition, an ASH Referral Fee of 20% of the Agreed Profit shall be paid by Teamsun Group to ASH Group whenever a Business Transaction is entered into between Teamsun Group and an ASH Customer which was referred to Teamsun Group by ASH Group.

The Hosting Fee and the Referral Fee shall be paid within 30 days after the Total Revenue derived from the relevant Business Transaction is received by the relevant members of ASH Group or Teamsun Group (as the case may be).

Details of the payment method of the Hosting Fee and the Referral Fee in respect of each Business Transaction shall be agreed between the relevant members of ASH Group and Teamsun Group prior to the entering into of the relevant Business Transaction.

LETTER FROM THE BOARD

Proposed Annual Caps for the Teamsun Referral Services being a Regulated Transaction

The Directors estimate that the aggregate annual caps for the Teamsun Referral Fee and the Teamsun Hosting Fee under the Teamsun Referral Services payable by ASH Group to Teamsun Group for each of the financial years ending 31st December 2010, 2011 and 2012 will be nil, HK\$0.6 million and HK\$0.8 million respectively. Such annual caps are arrived at based on, among other things, (i) the estimated number of Teamsun Customers to be introduced to ASH Group by Teamsun Group; (ii) the estimated transaction value of Business Transaction with each Teamsun Customer; (iii) the estimated percentage of successful referrals of Business Transactions by Teamsun Group to ASH Group; (iv) the Agreed Profit to be derived from the estimated Total Revenue; (v) the percentages of the Teamsun Hosting Fee and the Teamsun Referral Fee; and (vi) a buffer for the potential changes in the market conditions.

Annual caps for the ASH Referral Services being a Remaining Transaction

The Directors further estimate that the aggregate annual caps for the ASH Referral Fee and the ASH Hosting Fee under the ASH Referral Services receivable by ASH Group from Teamsun Group for each of the financial years ending 31st December 2010, 2011 and 2012 will be HK\$0.5 million, HK\$3.1 million and HK\$4.6 million respectively. Such annual caps are arrived at based on, among other things, (i) the estimated number of ASH Customers to be introduced to Teamsun Group by ASH Group; (ii) the estimated transaction value of Business Transaction with each ASH Customer; (iii) the estimated percentage of successful referrals of Business Transactions by ASH Group to Teamsun Group; (iv) the Agreed Profit to be derived from the estimated Total Revenue; (v) the percentages of the ASH Hosting Fee and the ASH Referral Fee; and (vi) a buffer for the potential changes in the market conditions.

(ii) 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.

LETTER FROM THE BOARD

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.

Proposed Annual Caps for purchase of Teamsun Group's Products being a Regulated Transaction

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's Products for each of the financial years ending 31st December 2010, 2011 and 2012 will be HK\$2.6 million, HK\$41.3 million and HK\$49.6 million respectively. 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; (ii) estimated percentage of the Products available to be sourced from Teamsun Group; (iii) the expected growth in the amount of purchase from Teamsun Group of approximately 20% from 2011 to 2012; and (iv) a buffer for the potential changes in the market conditions.

Annual caps for the sale of ASH Group's Products being a Remaining Transaction

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's Products for each of the financial years ending 31st December 2010, 2011 and 2012 will be nil, HK\$2.0 million and HK\$5.9 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 Group's Products; and (iii) a buffer for the potential changes in the market conditions.

LETTER FROM THE BOARD

(iii) Provision of Services

Principal terms

Pursuant to the Supply Agreement, Teamsun agrees to provide or cause to be provided the 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 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 for 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 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.

LETTER FROM THE BOARD

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.

Proposed Annual Caps for the Teamsun Services being a Regulated Transaction

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 2010, 2011 and 2012 will be HK\$2.6 million, HK\$20.6 million and HK\$24.8 million respectively. Such annual caps are arrived at based on, among other things, (i) historical amount of purchases of information technology or information technology related functions and services by ASH Group in the PRC; (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.

Annual caps for the ASH Services being a Remaining Transaction

The Directors also estimate that the aggregate 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 ending 31st December 2010, 2011 and 2012 will be HK\$0.7 million, HK\$3.9 million and HK\$11.7 million respectively. Such annual caps are arrived at based on, among other things, (i) estimated amount of purchase of information technology or information technology related functions and services by Teamsun Group from ASH Group; (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.

LETTER FROM THE BOARD

Condition precedent for the Regulated Transactions

The Regulated Transactions are conditional upon the approval of such 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 Regulated Transactions (including Teamsun Hosting Fee, Teamsun Referral Fee, Product Price for Teamsun Group's Products and Teamsun Service Fee) by the Independent Shareholders at the SGM. In the event that the Regulated Transactions or the Proposed Annual Caps are not approved by the Independent Shareholders at a general meeting of the Company by 30th April 2011, the Regulated Transactions shall not take effect but without affecting the legality, validity and continuance of the other transactions (including the Remaining Transactions) contemplated under the Supply Agreement or the rights and obligations of the parties under the Supply Agreement.

3. DISTRIBUTOR AGREEMENT

Date

6th October 2010

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 2012 (both days inclusive), unless terminated earlier in accordance with the terms of the Distributor Agreement.

Subject matters

Principal terms

Pursuant to the Distributor Agreement, Teamsun shall appoint ASH Group, and ASH Group shall accept such appointment, as a distributor of Teamsun Group to promote, market, sell and distribute the IT Products, and to provide services in relation thereto to third party customers outside the PRC. In respect of the distribution of the IT Products branded "YesKey", Teamsun shall appoint ASH Group, and ASH Group shall accept such appointment, as the exclusive distributor of Teamsun Group, whereas in respect of the IT Products other than those branded "YesKey", ASH Group and Teamsun Group may from time to time determine and agree whether ASH Group shall be appointed as the exclusive or non-exclusive distributor of Teamsun Group.

LETTER FROM THE BOARD

Teamsun Group shall sell and ASH Group shall purchase the IT Products from Teamsun Group for sale and distribution to third party customers outside the PRC in ASH Group's own name and on its own account. For the purpose of carrying on such business, Teamsun Group has granted ASH Group a 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, distribution of 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 Teamsun Group by ASH 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 less favourable to ASH Group than those offered by Teamsun Group for similar IT Products to other independent third parties, and in the case of the IT Products branded "YesKey", 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 "YesKey", 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 ASH Group to the relevant member of Teamsun Group within 30 days from the date of the relevant invoice for the IT Products under the relevant Purchase Order. 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.

Proposed annual caps

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 ASH Group to Teamsun Group for each of the financial years ending 31st December 2010, 2011 and 2012 will be HK\$0.9 million, HK\$10.9 million and HK\$16.4 million respectively. Such annual caps are arrived at based on, among other things, (i) the projected sales volume and amount of the IT Products currently agreed between ASH Group and Teamsun Group for distribution of the IT Products branded "YesKey"; (ii) the cost of purchase of the IT Products of ASH Group from Teamsun Group; (iii) the projected sales amount of other IT Products for distribution as contemplated by ASH Group; and (iv) a buffer for the potential changes in the market conditions.

LETTER FROM THE BOARD

Condition precedent

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 30th April 2011, the Distributor Agreement shall automatically be terminated.

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

Both ASH Group and Teamsun Group are reputable information technology 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 allow the sharing of customer base and business knowhow between ASH Group and Teamsun Group thereby enhancing the efficiency and sales capabilities of ASH Group's existing distribution channels and networks. 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's 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 Supply Agreement and based on the estimated transaction value of Business Transactions between ASH Group and Teamsun Customers, Teamsun Group may refer Business Transactions of its customers to ASH Group such that ASH Group may enhance its revenue as much as approximately HK\$14.9 million in the coming two years. Similarly, 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, ASH Group may also sell up to approximately HK\$98.8 million worth of the IT Products until 31st December 2012.

The Board (including independent non-executive Directors but excluding Mr. Hu Liankui, Mr. Wang Weihang and Mr. Chen Zhaohui 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 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. Chen Zhaohui is the chief financial officer of Teamsun.

LETTER FROM THE BOARD

5. INFORMATION ON ASH GROUP AND TEAMSUN

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 and Thailand.

Teamsun has been listed in 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 headquarters 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 65.4% 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 for the Company under Chapter 14A of the Listing Rules.

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

As all of the relevant percentage ratios in respect of the aggregate annual caps for the amounts receivable by ASH Group from Teamsun Group in relation to the Remaining Transactions under the Supply Agreement (including the ASH Hosting Fee, the ASH Referral Fee, the Product Price for ASH Group's Products and the ASH Service Fee) are below 5.0%, the Remaining Transactions under the Supply Agreement and the relevant annual caps are subject to the reporting and announcement requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng, 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).

Athens Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the same.

8. SGM

A notice convening the SGM is set out on pages 49 to 51 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 a party to each of the Supply Agreement, the Distributor Agreement, it and its associate(s) are regarded to have a material interest in the Supply Agreement, the Distributor Agreement and the respective transactions contemplated thereunder, and shall abstain from voting on the resolutions approving the Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof) at the SGM. As at the Latest Practicable Date, Teamsun and its associates are in aggregate holding 203,532,996 Shares, representing approximately 65.4% 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 branch 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.

LETTER FROM THE BOARD

9. GENERAL

The Independent Board Committee, after considering the terms of the Regulated Transactions and the transactions contemplated under the Distributor Agreement, and the advice of the Independent Financial Adviser, considers that the Regulated Transactions and the transactions contemplated under the Distributor Agreement are conducted in the ordinary and usual course of business of the Company and the terms of the Supply Agreement governing the Regulated Transactions and the Distributor Agreement are on normal commercial terms, and that the terms of the Supply Agreement governing the Regulated Transactions and the Distributor Agreement and the respective annual caps thereof 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, and recommends the Independent Shareholders to vote in favour of the resolutions to approve the Regulated Transactions, 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 Athens Capital 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
Lai Yam Ting, Ready
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter 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 SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

8th October 2010

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 Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (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 8th October 2010 (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 Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (including the respective annual caps thereof) and the advice of Athens Capital in relation thereto as set out on pages 22 to 42 of the Circular, we are of the opinion that the Regulated Transactions and the transactions contemplated under the Distributor Agreement (the “**Transactions**”) are conducted in the ordinary and usual course of business of the Company and the terms of the Supply Agreement governing the Regulated Transactions and the Distributor Agreement are on normal commercial terms, and that the terms of the Supply Agreement governing the Regulated Transactions and the Distributor Agreement and the respective annual caps thereof for the 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. We therefore recommend the Independent Shareholders to vote in favour of 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).

Yours faithfully,
for and on behalf of

the Independent Board Committee

Ms. Young Meng Ying
Independent
Non-executive Director

Mr. Lu Jiaqi
Independent
Non-executive Director

Ms. Xu Peng
Independent
Non-executive Director

LETTER FROM ATHENS CAPITAL

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

ATHENS CAPITAL

Athens Capital Limited

803 Chinese Bank Building
61-65 Des Voeux Road
Central, Hong Kong

8th October 2010

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 Regulated Transactions, the Distributor Agreement and the respective transactions contemplated thereunder (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 8th October 2010 (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 6th October 2010, 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 65.4% of the equity interest in the Company, therefore Teamsun is a controlling shareholder and a connected person of the Company.

LETTER FROM ATHENS CAPITAL

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 all of the applicable percentage ratios in respect of the aggregate of the annual caps for the amounts payable by ASH Group to Teamsun Group in relation to the Regulated Transactions under the Supply Agreement and the Distributor Agreement (including Teamsun Hosting Fee, Teamsun Referral Fee, Product Price for Teamsun Group's Products, Teamsun Service Fee and License Fees (together with any other changes relating to the handling, packaging, marking, storage and transportation of the IT Products) exceed 5%, the Continuing Connected Transactions (including the respective annual caps thereof) are 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).

The Independent Board Committee comprising Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng, 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.

LETTER FROM ATHENS CAPITAL

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

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 and Thailand.

Teamsun, a controlling shareholder, is a company listed on Shanghai Stock Exchange since 2004. Teamsun is an integrated information technology service provider in the PRC. The business scope of Teamsun 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.

LETTER FROM ATHENS CAPITAL

II. Reasons for and benefits of the Continuing Connected Transactions

The Continuing Connected Transactions cover (i) the Regulated Transactions under the Supply Agreement and (ii) the transactions contemplated under the Distributor Agreement. The Continuing Connected Transactions comprise (i) Teamsun Referral Services; (ii) ASH Group's purchase of Teamsun Group's Products under the Product Contract(s); (iii) ASH Group's procurement of Teamsun Services under the Service Contract(s) or the Lease Agreement(s) (as the case may be); and (iv) ASH Group's purchase of IT Products from Teamsun Group for resale to customers outside the PRC with ASH Group's appointment as a distributor in respect of the IT Products by Teamsun under the Distributor Agreement.

Both ASH Group and Teamsun Group are reputable information technology 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, we were made known that it has 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 service offering is 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, a reason for the entering into of the Supply Agreement and the Distributor Agreement is to allow sharing of customer base and business knowhow 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 Supply Agreement and based on the estimated transaction value of Business Transactions between ASH Group and Teamsun Customers, Teamsun Group may refer any Business Transactions of its customers to ASH Group, it may enhance ASH Group's revenue as much as approximately HK\$14.9 million in the coming two years. Similarly, 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, ASH Group may also sell up to approximately HK\$98.8 million worth of the IT Products until 31st December 2012.

As such, the Directors envisage that with Teamsun Referral Services, ASH Group will be provided an opportunity to capture potential business transactions with Teamsun Group's customers leveraging on ASH Group's sales network. Therefore, it will broaden the customer base of ASH Group.

LETTER FROM ATHENS CAPITAL

In addition, the appointment of ASH Group as distributor of IT Products outside the PRC according to the Distributor Agreement will not only bring in revenue to ASH Group but also broaden the diversity of its products portfolio. Accordingly, this enables ASH Group to share the commercialized business knowhow of Teamsun Group.

We note that, according to the annual report of the Company for the year ended 31st March 2010, one of the business strategies of ASH Group was to promote cross-territories businesses with an aim to make Greater China its focal point of development. In this connection, the entering into of the Supply Agreement and the Distributor Agreement is in line with the strategic business development of 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 would allow the realisation of substantial synergies in terms of, among others, convenience, support and marketing of ASH Group's products and services.

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. Comparing with the scale of procurement made by ASH Group, Teamsun Group may procure products and services at lower costs. Accordingly, procurement of products and services by ASH Group under the Product Contract(s), Service Contract(s) and Lease Agreement(s) from Teamsun Group may enable it 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 Company and is in the interests of the Company and Shareholders as a whole.

III. Regulated Transactions under the Supply Agreement

On 6th October 2010, the Company entered into the Supply Agreement with Teamsun. Subject matters of the Regulated Transactions under the Supply Agreement comprise (i) Teamsun Referral Services; (ii) Product Contract(s) for Teamsun Group's Products; and (iii) provision of Teamsun Services.

The term of the Regulated Transactions under the Supply Agreement shall commence on the date on which the 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 Regulated Transactions (including Teamsun Hosting Fee, Teamsun Referral Fee, Product Price for Teamsun Group's Products and Teamsun Service Fee) are approved by the Independent Shareholders at the SGM and shall end on 31st December 2012 (both days inclusive).

LETTER FROM ATHENS CAPITAL

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

a. *Teamsun Referral Services*

(i) Principal terms

Pursuant to the Supply Agreement, Teamsun Group may introduce Teamsun Customer(s) and/or refer potential Business Transaction(s) with Teamsun Customer(s) to ASH Group from time to time. Accordingly, Teamsun Hosting Fee and Teamsun Referral Fee shall be payable by ASH Group to Teamsun Group for Teamsun Referral Services.

In order to assess the fairness and reasonableness of Teamsun Referral Services under the Supply Agreement, we have reviewed the terms accordingly.

- Teamsun Hosting Fee

As stated in the Supply Agreement, we note that if ASH Group enters into a Business Transaction with a Teamsun Customer, ASH Group shall pay Teamsun Hosting Fee to Teamsun Group for each Business Transaction which will be determined as follows:

- (i) if no maintenance service is provided by ASH Group to such Teamsun Customer under such Business Transaction: 40% of the Agreed Profit; or
- (ii) if maintenance service is provided by ASH Group to such Teamsun Customer under such Business Transaction: 50% of the Agreed Profit.

LETTER FROM ATHENS CAPITAL

- Teamsun Referral Fee

In addition, whenever a Business Transaction is entered into by ASH Group with a Teamsun Customer which is referred to ASH Group by Teamsun Group, a Teamsun Referral Fee of 20% of the Agreed Profit shall be paid by ASH Group to Teamsun Group.

We are given to understand that no comparable business referral transactions have been entered into by ASH Group with independent third parties in the past. As such, no comparable transactions document is available for our review. In assessing the fairness and reasonableness of Teamsun Hosting Fee and Teamsun Referral Fee (collectively the “**Teamsun Fees**”), we have considered the basis of their determination and note that both the Teamsun Hosting Fee and Teamsun Referral Fee are determined with reference to the Agreed Profit.

Pursuant to the Supply Agreement, the Agreed Profit is a percentage over the Total Revenue in respect of a Business Transaction which shall be set at 11.3%, 12.6% and 13.9% for the three years ending 31st December 2010, 2011 and 2012 respectively. As advised by the management of the Company, we understand that the aforesaid rates are determined with reference to the weighted average of the historical gross profit ratios of IT infrastructure and IT solution business of the Company after taking into account the anticipated business mix for the three years ending 31st December 2012. We have reviewed the calculations of the aforesaid rates and reviewed the assumptions adopted in such estimation. We have been advised that the sales contribution from IT infrastructure and IT solution is anticipated to be gradually shifted to IT solution business based on the Company’s historical sales pattern with its customers. Given that the potential Business Transaction(s) to be referred by Teamsun Group may comprise both IT infrastructure and IT solution transactions, we consider that it is reasonable to use the weighted average of gross profit margin of IT infrastructure and IT solution after taking into account the gradual change in business mix of two types of businesses with customers in determining the Agreed Profit. In addition, given that Teamsun Referral Services will bring incremental Total Revenue to ASH Group, the Directors consider that it is normal commercial practice to allocate a portion of the profit for determining Teamsun Fees. In light of this, determination of Teamsun Fees with reference to the Agreed Profit is commercially justifiable.

LETTER FROM ATHENS CAPITAL

Teamsun Fees in aggregate range from 60% to 70% of the Agreed Profit, depending on whether maintenance service is provided by ASH Group. After deduction of Teamsun Fees, approximately 30% to 40% of the Agreed Profit shall be retained by ASH Group. In this connection, Teamsun Fees could be considered as a means for allocating the Agreed Profit between Teamsun Group and ASH Group. We are given to understand that Teamsun Fees are arrived at after arm's length negotiation between the Company and Teamsun. We note that in estimating the Teamsun Fees, the Company has considered the market practice of profit allocation mechanism between the referrer and referee for business referral services. As advised by the management of the Company, we understand that in determining the profit allocation ratio, in market practice, a number of factors will be taken into consideration such as business models of the referrer and referee and number and size of clients referred, etc. Accordingly, the profit allocation ratio is generally decided and agreed between the relevant parties in this commercial manner. In determining the rates used for allocating the Agreed Profit to Teamsun Group, the Company envisages that it has also considered the abovementioned factors and has carried out its negotiation with Teamsun Group in accordance with the aforesaid commercial practice.

ASH Group will be allocated a percentage of the Agreed Profit which would otherwise not be available without Teamsun Referral Services. In addition, the Agreed Profit is arrived at after taking into consideration the historical cost structure and profit margin of ASH Group. These factors are commonly adopted by business organizations in commercial negotiations. In addition, the rates used for determining the Teamsun Fees are mutually agreed between the Company and Teamsun after taking into account those factors which will be considered in commercial negotiation. As such, we consider that pricing of the Teamsun Fees are determined on arm's length commercial negotiation.

In respect of the payment term of Teamsun Fees, they are payable within 30 days after the Total Revenue derived from relevant Business Transaction is received by ASH Group. As advised by Directors, we understand that the general credit period granted by ASH Group's suppliers is generally 30 days. As such, the payment term of Teamsun Fees is in line with the credit period offered by ASH Group's suppliers.

In light of the above, we consider that the terms of Teamsun Referral Services are on normal commercial terms and are fair and reasonable.

LETTER FROM ATHENS CAPITAL

(ii) Proposed Annual Caps for the Teamsun Referral Services being a Regulated Transaction

As set out in the Letter from the Board, Teamsun Fees payable by ASH Group to Teamsun Group for each of the financial years ending 31st December 2010, 2011 and 2012 will be nil, HK\$0.6 million and HK\$0.8 million respectively.

According to the Letter from the Board, the above proposed annual caps are determined based on, among other things, (i) the estimated number of Teamsun Customers to be introduced to ASH Group by Teamsun Group; (ii) the estimated transaction value of Business Transaction with each Teamsun Customer; (iii) the estimated percentage of successful referrals of Business Transactions by Teamsun Group to ASH Group; (iv) the Agreed Profit to be derived from the estimated Total Revenue; (v) the percentages of the Teamsun Hosting Fee and the Teamsun Referral Fee; and (vi) 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 the management of the Company for the basis and assumptions used in such determination.

Based on our review of the calculation schedule, we note that the annual caps are arrived at based on (i) projected annual values of Total Revenue with Teamsun Customers to be introduced by Teamsun Group; (ii) adjusted profit sharing ratio of the Agreed Profit for Teamsun Group; and (iii) buffers for unanticipated business growth.

Regarding the projected annual values of Total Revenue with Teamsun Customers, we note that they are determined based on estimated number of Teamsun Customers to be introduced by Teamsun Group and the projected transaction value of each Teamsun Customer with reference made to historical average annual transaction size of major customers of ASH Group and the anticipated growth in Total Revenue. As advised by the management of the Company, we understand that the anticipated growth in Total Revenue has taken into account both the growth in number of Teamsun Customers to be introduced by Teamsun Group and the anticipated change in average size of transaction with each Teamsun Customers in arriving at a growth rate of around 33%. Therefore, we envisage that it is reasonable to use projected annual values of Total Revenue with Teamsun Customers as reference in annual cap determination.

LETTER FROM ATHENS CAPITAL

We have enquired into the basis used for determining the adjusted profit sharing ratio of the Agreed Profit for Teamsun Group, and are given to understand that such ratio is determined based on the estimated percentage of the Agreed Profit to be allocated as Teamsun Fees after taking into account the estimated percentage of successful referrals of Business Transactions by Teamsun Group to ASH Group.

Under Teamsun Referral Services, the Agreed Profit of successful Business Transactions shall be apportioned to Teamsun Group in form of Teamsun Fees in the manner as stipulated under the Supply Agreement. Accordingly, Teamsun Fees will be affected by the number of successful referrals of Business Transactions by Teamsun Group.

The management of the Company anticipates that upon introduction of Teamsun Customers to ASH Group by Teamsun Group, ASH Group's reliance on business referrals by Teamsun Group for entering into transactions with those Teamsun Customers being referred to ASH Group will decrease. As such, payment of Teamsun Referral Fee shall not be necessary although Teamsun Hosting Fee shall still be required for such Business Transaction. In light of this, the Company has estimated the probability of reliance on Teamsun Group's for referral of Business Transactions to derive the estimated percentage of successful referrals of Business Transactions by Teamsun Group. Given that Teamsun Fees will only be payable on successful referrals of Business Transactions, it is reasonable to refer to the estimated percentage of successful referrals of Business Transactions by Teamsun Group.

Moreover, given that the amount of the Agreed Profit to be apportioned to Teamsun Group also depends on successful referrals of Business Transactions, we consider that it is reasonable to refer to the Agreed Profit and the percentages of the Teamsun Fees after adjusting for successful referrals of Business Transactions for estimating the Teamsun Fees.

Furthermore, buffers are incorporated in annual caps to provide ASH Group with greater flexibility in conducting business with Teamsun Group as well as coping with unexpected growth and hence broadening the business opportunities of ASH Group. In assessing the fairness and reasonableness of the buffers, we have reviewed the calculation schedule of annual caps and discussed with the management of the Company regarding the basis and factors considered in determining the buffers. We are given to understand that management of the Company have considered the business models and projections prepared by ASH Group in relation to ASH Group and Teamsun Group in buffers estimation. Based on the above, it is justifiable to include buffers in annual caps determination.

Based on the foregoing, we consider that the basis of determining the proposed annual caps for Teamsun Fees are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

LETTER FROM ATHENS CAPITAL

b. Product Contract(s) for Teamsun Group's Products

(i) Principal terms

Pursuant to the Supply Agreement, in respect of the procurement of Teamsun Group's 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's Products, a Product Contract shall be entered into by relevant members of Teamsun Group and ASH Group.

Under the Product Contract(s) for the supply of Teamsun Group's 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.

We have been advised that for those Teamsun Group's Products purchased by ASH Group in the past, ASH Group had not procured identical products from third party suppliers. 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's Products purchased are not feasible due to differences in the specification requirements of similar products. Such differences will therefore result in price differences. Accordingly, no direct comparable transactions documents from independent third parties are available for our review and meaningful comparison.

LETTER FROM ATHENS CAPITAL

Having considered that details of the terms and conditions of each purchase of Teamsun Group's Products will be dealt with in the Product Contract(s) 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, it is normal commercial practice. Neither ASH Group nor Teamsun Group could take advantages of another as Product Price is not pre-determined. Instead, prices will be set by referring 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's Products in the event both parties cannot agree on the terms of supply of Teamsun Group's Products. ASH Group also has the sole discretion to purchase the Products from independent third party suppliers should it be more commercially sensible.

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

(ii) Proposed Annual Caps for purchase of Teamsun Group's Products being a Regulated Transaction

The annual caps for the Product Price payable by ASH Group to Teamsun Group under the Product Contract(s) for Teamsun Group's Products for each of the financial years ending 31st December 2010, 2011 and 2012 will be HK\$2.6 million, HK\$41.3 million and HK\$49.6 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 purchases of computer hardware, software, peripherals and other similar or associated products by ASH Group; (ii) estimated percentage of the Products available to be sourced from Teamsun Group; (iii) the expected growth in the amount of purchases from Teamsun Group of approximately 20% from 2011 to 2012; and (iv) 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 of the Company for the basis and assumptions used in such determination.

As advised by the management of the Company, the annual cap for 2010 is determined by referring to historical purchase amount of ASH Group for products with similar nature to the Products and projection of order to be placed with Teamsun Group for the Products and a buffer.

LETTER FROM ATHENS CAPITAL

For annual caps for 2011 and 2012, they are determined with reference to (i) the corresponding planned annual value of revenue of ASH Group in the PRC to be achieved as stated in the five-year business plan of ASH Group which was approved by the Board; (ii) the estimated percentage of the Products available to be sourced from Teamsun Group; and (iii) a buffer. As advised by the Directors, we understand that the five-year business plan of ASH Group is determined based on the management's assessment of possible business opportunities in the PRC and ASH Group's business strategies in establishing a stronger presence in the PRC with the view of becoming one of the leading IT service providers in Greater China. Among those planned business opportunities to be captured by ASH Group in the PRC, the management of the Company estimates the percentage of Teamsun Group's Products available to be sourced from Teamsun Group based on management's assessment of two principal areas of potential cooperation with Teamsun Group. Firstly, ASH Group's possibility of leveraging on the established geographical distribution network of Teamsun Group in the PRC. Secondly, ASH Group's intention to cooperate with Teamsun Group in form of procurement of Teamsun Group's Products which are considered to be economically efficient to procure from Teamsun Group given its establishment in the PRC. Based on the above, we consider using an estimated percentage of sourcing from Teamsun Group which is derived based on possibility of potential business cooperation areas with Teamsun Group in serving ASH Group's customers for determining the annual caps to be commercially sensible.

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 the management of the Company regarding the basis and factors considered in determining the buffers. We are given to understand that management of the Company have considered the business models and projections prepared by ASH Group in relation to ASH Group and Teamsun Group in estimating the buffers. As such, inclusion of buffers against the unexpected growth in purchase is considered to be reasonable, in the event that the prices of Teamsun Group's Products are more competitive than ASH Group's independent third party suppliers. In addition, buffers will enable ASH Group to accommodate the unexpected growth in purchase from Teamsun Group if the actual purchase requirement of ASH Group exceeds those stipulated in its five-year business plan in its strategic business development.

LETTER FROM ATHENS CAPITAL

We further note that the annual caps are in an increasing trend. The annual cap increased by approximately 14.9 times in 2011 as compared with that in 2010. As advised by the management of the Company, we understand that the annual cap in 2010 is projected based on historical amount of purchase of ASH Group which was not material. In addition, given that there are only a few months left in 2010, it is anticipated that there will only be limited amount of transactions with Teamsun Group in 2010. We are advised by the management of the Company that, starting from 2011, the transactions with Teamsun Group should be considered with reference to ASH Group's five-year business plan. As such, we consider that comparison in the annual caps of 2010 and 2011 shall not be meaningful. The annual cap increases by 20% from 2011 to 2012, it is due to expected growth of purchase from Teamsun Group which is in line with the targeted business growth of ASH Group in the PRC of 20% from 2011 to 2012 in accordance with its five-year business plan. We are made known 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 in light of the growth in the PRC economy. According to the National Bureau of Statistics of China, gross domestic product ("GDP") of the PRC recorded a compound annual growth rate ("CAGR") of approximately 16.0% from 2004 to 2009 with GDP increased from approximately RMB16.0 trillion in 2004 to approximately RMB33.5 trillion in 2009. Taking into account that the annual caps for 2011 and 2012 are determined based on ASH Group's strategic business development plan and the growth in annual caps of 20% is not excessive when compared with the PRC's economic growth with CAGR of approximately 16% over the past few years. As such, we consider the growth in the annual caps is justifiable.

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

c. *Provision of Teamsun Services*

(i) Principal terms

Pursuant to the Supply Agreement, in respect of the Teamsun Services (being 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), it is agreed that Teamsun Group shall provide the 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.

LETTER FROM ATHENS CAPITAL

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 in relation to Type I Teamsun Services. 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 provision or sharing of 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 provision or sharing of 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 Teamsun Services procured by ASH Group in the past were new types of services acquired by ASH Group and therefore, procurement of same type of services had not been requested from third party suppliers. Therefore, no documents for the aforesaid transactions are available for our review and comparison with similar transactions with independent third parties.

Having considered that details of the terms and conditions of each Teamsun 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 are of the view that it is normal commercial practice. Neither ASH Group nor Teamsun Group could take advantages of another as Teamsun Service Fee is not pre-determined. Instead, those service fees will be set by referring 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 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.

LETTER FROM ATHENS CAPITAL

(ii) Proposed Annual Caps for the Teamsun Services being a Regulated Transaction

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) will be approximately HK\$2.6 million, HK\$20.6 million and HK\$24.8 million for each of the financial years ending 31st December 2010, 2011 and 2012 respectively.

According to the Letter from the Board, such annual caps are arrived at based on, among other things, (i) historical amount of purchases of information technology or information technology related functions and services by ASH Group in the PRC; (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 purchases 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 cap for 2010 is determined with reference to scheduled order to be placed with Teamsun Group for Teamsun Services and a buffer.

For annual caps for 2011 and 2012, they are determined with reference to (i) the aforesaid corresponding estimated annual value of revenue of ASH Group in the PRC as stated in the five-year business plan of ASH Group; (ii) an estimated percentage of Teamsun Services available to be sourced from Teamsun Group; and (iii) a buffer. As advised by the Directors, we understand that the five-year business plan of ASH Group is determined based on the management's assessment of possible business opportunities in the PRC and ASH Group's business strategies in establishing a stronger presence in the PRC with the view of becoming one of the leading IT service providers in Greater China. Among those planned business opportunities to be captured by ASH Group in the PRC, the management of the Company estimates the percentage of Teamsun Services available to be sourced from Teamsun Group based on management's assessment of two principal areas of potential cooperation with Teamsun Group. Firstly, ASH Group's possibility of leveraging on the established geographical distribution network of Teamsun Group in the PRC. Secondly, ASH Group's intention to cooperate with Teamsun Group in form of procurement of Teamsun Services which are considered to be economically efficient to procure from Teamsun Group given its establishment in the PRC. Based on the above, we consider using an estimated percentage of sourcing from Teamsun Group which is derived based on possibility of potential business cooperation areas with Teamsun Group in serving ASH Group's customers for determining the annual caps to be commercially sensible.

LETTER FROM ATHENS CAPITAL

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 the management of the Company regarding the basis and factors considered in determining the buffers. We are given to understand that management of the Company have considered the business models and projections prepared by ASH Group in relation to ASH Group and Teamsun Group in buffers estimation. Inclusion of buffers against the unexpected growth in purchase is considered to be reasonable, in the event that the prices of Teamsun Services more competitive than ASH Group's independent third party suppliers. In addition, buffers would enable ASH Group to accommodate the unexpected growth in procurement of Teamsun Services from Teamsun Group if the actual purchase requirement of ASH Group exceeds those stated in its five-year business plan in its strategic business development.

We further note that the annual caps are in an increasing trend. The annual cap increased by approximately 6.9 times in 2011 as compared with that in 2010. As advised by the management of the Company, we understand that the annual cap in 2010 is projected based on historical amount of purchase of ASH Group which was not material. In addition, given that there are only a few months left in 2010, it is anticipated that there will only be minimal amount of transactions with Teamsun Group in 2010. We are advised by the management of the Company that starting from 2011, the transactions with Teamsun Group should be considered with reference to ASH Group's five-year business plan following ASH Group's strategic move. As such, we consider that comparison in the annual caps of 2010 and 2011 shall not be meaningful. The annual cap increased by 20% from 2011 to 2012 which is due to the growth of purchase amount from Teamsun Group and is in line with the targeted business growth of ASH Group in the PRC of 20% in accordance with its five-year business plan. We are made known that in ASH Group's future business development, ASH Group will attempt to enhance its PRC's market penetration rate for establishing a stronger foothold in the PRC in view of the growth in the PRC economy. According to the National Bureau of Statistics of China, GDP of the PRC recorded a CAGR of approximately 16.0% from 2004 to 2009. Having considered the annual caps for 2011 and 2012 are determined based on ASH Group's strategic business development plan and the growth in annual caps of 20% is not excessive when compared with the PRC's economic growth with CAGR of approximately 16% over the past few years. We are of the view that the growth in the annual caps is justifiable.

Therefore, we consider that the basis 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.

LETTER FROM ATHENS CAPITAL

IV. Distributor Agreement

Pursuant to the Distributor Agreement, Teamsun shall appoint ASH Group, and ASH Group shall accept such appointment as a distributor of Teamsun Group to promote, market, sell and distribute the IT Products, and to provide services in relation thereto to third party customers outside the PRC. In respect of the distribution of the IT Products branded “YesKey”, Teamsun shall appoint ASH Group, and ASH Group shall accept such appointment, as the exclusive distributor of Teamsun Group, whereas in respect of the IT Products other than those branded “YesKey”, ASH Group and Teamsun Group may from time to time determine and agree whether ASH Group shall be appointed as the exclusive or non-exclusive distributor of Teamsun Group.

Under the Distributor Agreement, ASH Group shall purchase the IT Products from Teamsun Group for sale and distribution to third party customers outside the PRC in ASH 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 shall end on 31st December 2012 (both days inclusive).

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 less favourable to ASH Group than those offered by Teamsun Group for similar IT Products to other independent third parties.

While for License Fees for the IT Products branded “YesKey” (the “**YesKey Products**”), which shall be determined with reference to the fees list set out in the Distributor Agreement. According to the said fees list for the YesKey Products, 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 purchases are made by ASH Group from Teamsun Group for IT Products, no documents for the aforesaid transactions are available for our review and comparison with similar transactions with independent third parties.

Given that the License Fees for IT Products (excluding the YesKey Products) (“**Non-YesKey IT Products**”) are negotiated on arm’s length basis 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, it is normal commercial practice. As the License Fees for Non-YesKey IT Products are not pre-determined, instead fees will be set by referring to the market condition at the time of negotiation. Therefore, neither ASH Group nor Teamsun Group could take advantages of another.

LETTER FROM ATHENS CAPITAL

Moreover, ASH Group will not be obliged to purchase Non-YesKey IT Products if both parties cannot agree on the fees. As such, we consider that pricing of Non-YesKey IT Products are on normal commercial terms and are fair and reasonable.

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

The License Fees shall be payable to Teamsun Group within 30 days from the date of the relevant invoice, which is in line with the credit period of around 30 days offered by ASH Group's suppliers. 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 the License Fees (together with any other changes relating to the handling, packaging, marking, storage and transportation of the IT Products) payable by ASH Group to Teamsun Group will be HK\$0.9 million, HK\$10.9 million and HK\$16.4 million for each of the three financial years ending 31st December 2010, 2011 and 2012 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 currently agreed between ASH Group and Teamsun Group for distribution of the YesKey Products; (ii) the cost of purchases of the IT Products of ASH Group from Teamsun Group; (iii) the projected sales amount of other IT Products for distribution as contemplated by ASH 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 the management of the Company for the basis and assumptions used in such determination.

LETTER FROM ATHENS CAPITAL

Based on our discussion with management of the Company, we note that in estimating the sales volume of the YesKey Products, references have been made to the estimated sales target as stipulated in the business plan for the YesKey Products. We have been advised that market research on the potential opportunities of the YesKey Products in various areas, such as internet banking and online stock trading have been considered for deriving the sales target of the YesKey Products as stipulated in the business plan. The sales target of the YesKey Products are determined with reference to (i) the maximum projected annual sales of the YesKey Products (“**YesKey Maximum Annual Sales**”) after taking into account existing market opportunities in those business areas where the YesKey Products shall apply to; and (ii) the projected achievable percentage of YesKey Maximum Annual Sales in a year with reference to its stage of product launch. Given that ASH Group shall purchase the YesKey Products for distribution, we consider that it is reasonable to make reference to the sales volume of the YesKey Products.

Further, we have been advised that in estimating the annual caps for the purchase of the IT Products, ASH Group has considered a targeted gross profit margin to be achieved from sales of IT Products for deducing the purchase value. We have enquired into the basis for such determination and have been advised that the targeted profit margin is determined with reference to profit margin of ASH Group’s businesses with a markup. Further, we are made known that with the YesKey Products being in an early stage of a product life cycle, they will have a higher profit margin than ASH Group’s businesses which are in a more mature stage. Given that ASH Group has the discretion to consider whether to purchase IT Products from Teamsun Group after considering profit margin from such sales and market demand of IT Products, it is reasonable to use a targeted gross profit margin better to the profit margin of the Group’s businesses for the purpose of deducing cost of purchases of IT Products.

In addition, buffers are incorporated in the annual caps in order to provide ASH Group with the flexibility to capture any business opportunities of IT Products and unexpected favourable market response of the YesKey Products or other new IT Products to be launched in the future. In assessing the fairness and reasonableness of the buffers, we have reviewed the calculation schedule of annual caps and discussed with the management of the Company regarding the basis and factors considered in buffers determination. We are given to understand that management of the Company have considered the business models and projections prepared by ASH Group in relation to ASH Group and Teamsun Group in buffers estimation. Accordingly, we consider that it is reasonable to include buffers to cater for the change in market conditions.

LETTER FROM ATHENS CAPITAL

The annual caps for the three years ending 31st December 2012 is on an increasing trend. The annual cap for 2011 increased by approximately 11.1 times from 2010. We are advised by the management of the Company that the annual cap for 2010 is set simply to accommodate ASH Group's trial purchase of limited amount of the YesKey Products for internal testing or to be used as samples to potential customers prior to the formal distribution of the YesKey Products by ASH Group. As such, comparison of the annual caps between 2011 and 2010 is not meaningful. We note that the annual cap increased by approximately 50% in 2012 and are given to understand that the launch of the YesKey Products is expected to take place in 2011 and in general six to nine months shall be required for introducing products to market. Following launch of the YesKey Products in 2011, the management of the Company is of the view that upon the YesKey Products gradually receiving broader market acceptance with growth of 50% is envisaged in 2012.

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

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 Regulated Transactions and the Distributor Agreement are on normal commercial terms. We also consider that the terms of the Supply Agreement governing the 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
Athens Capital Limited
Ross Cheung
Director

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) were 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) were required to be entered in the register pursuant to section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(i) Shares of the Company and associated corporations

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%
Automated Systems (H.K.) Limited ("ASL HK")	Lai Yam Ting, Ready	1,070,000 ¹	-	-	-	1,070,000	N/A ²
Teamsun	Hu Liankui	29,318,889	-	-	-	29,318,889	6.36%
	Wang Weihang	55,705,890	-	-	-	55,705,890	12.08%

Notes:

- These shares were non-voting deferred shares.
- The issued shares of ASL HK comprised 55,350,000 non-voting deferred shares and 2 ordinary shares. The 2 ordinary shares were beneficially owned by the Company.

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) were 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 interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required to be entered in the register pursuant to section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executives of the Company), were deemed or taken to have an interest or short position in the shares or underlying Shares which were required to be disclosed to the Company 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	Total	
Teamsun Technology (HK) Limited ("Hong Kong Teamsun")	203,532,996	–	203,532,996	65.4
Teamsun	–	203,532,996	203,532,996 ¹	65.4

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 203,532,996 Shares in which Hong Kong Teamsun was interested.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have any interests or short positions in the Shares and underlying Shares 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

As at the Latest Practicable Date, none of the Directors had any service contracts with any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

4. INTEREST IN CONTRACTS AND ARRANGEMENT

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. Chen Zhaohui is the chief financial officer 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 as disclosed above, none of the Directors had any material interest in any contract or arrangement entered into by the Group which was subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

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 March 2010 (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 (including their respective associates) were considered to have interests in the businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, 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
Mr. Hu Liankui	Teamsun	Information technology product service, application software development, value-added distribution and system integration	Chairman and director
Mr. Wang Weihang	Beijing Huasun Mingtian Technology Co. Ltd.	Information technology related	Chairman
	Teamsun	Information technology product service, application software development, value-added distribution and system integration	Vice chairman and president, director, and a substantial shareholder
Mr. Leung Tat Kwong, Simon	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
	AsiaSoft Company Limited and its subsidiaries	Information technology related	Director and/or a 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.

As at the Latest Practicable Date, save as disclosed herein and so far as the Directors were aware, none of the Directors nor their respective associates had any interest in any business which competed or was likely to compete with the businesses of the Group.

7. INTEREST IN ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or Athens Capital had any direct or indirect interest in any asset which had been, since 31st March 2010, 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
Athens Capital	a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, Athens Capital 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.

Athens Capital 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. Such letter of Athens Capital is made as of the date of this circular for incorporation herein.

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 the office of Messrs. Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, 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 21 of this circular; and
- (d) the letter from Athens Capital, the text of which is set out on pages 22 to 42 of this circular.

NOTICE OF THE SGM



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 26th October 2010 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without modifications) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT:**

1. “**THAT** the Regulated Transactions (as defined in the circular of the Company dated 8th October 2010 (the “**Circular**”)) on the terms and conditions contained in the Supply Agreement (as defined in the Circular) dated 6th October 2010, 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. “THAT the Distributor Agreement (as defined in the Circular) dated 6th October 2010 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
Lau Ming Chi, Edward
Secretary

Hong Kong, 8th October 2010

NOTICE OF THE SGM

Notes:

1. The Register of Members will be closed from 22nd October 2010 to 26th October 2010 (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 Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share 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 21st October 2010.
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 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 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.