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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

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.

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 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.

A circular containing, amongst others, (i) further information on the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee regarding the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof) to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser regarding the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof) to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be despatched to the Shareholders on or about 8th October 2010 in accordance with the Listing Rules.

INTRODUCTION

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.

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
- (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.

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.

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.

(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.

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.

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.

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.

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.

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.

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.

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 date of this announcement, 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.

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

SGM

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on 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 and 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 date of this announcement, 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.

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.

GENERAL

A circular containing, amongst others, (i) further information on the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee regarding the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof) to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser regarding the Regulated Transactions and the Distributor Agreement (including the respective annual caps thereof) to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be despatched to the Shareholders on or about 8th October 2010 in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise :

“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
“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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 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)
“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
“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
“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 this announcement
“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

“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
“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
“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)

“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
“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.

By order of the Board
Automated Systems Holdings Limited
Lau Ming Chi, Edward
Secretary

Hong Kong, 6th October 2010

As at the date hereof, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Lau Ming Chi, Edward and Mr. Leung Tat Kwong, Simon being executive Directors, Mr. Hu Liankui, Mr. Wang Weihang and Mr. Chen Zhaohui being non-executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being independent non-executive Directors.