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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Automated Systems Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**AUTOMATED SYSTEMS HOLDINGS LIMITED****自動系統集團有限公司***(Incorporated in Bermuda with limited liability)*

(Stock Code: 771)

**CONTINUING CONNECTED TRANSACTIONS****Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders****COMMERZBANK** The logo for Commerzbank, consisting of a stylized sunburst or flower-like symbol to the right of the word "COMMERZBANK".**Commerzbank AG Hong Kong Branch**

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A letter from the board of directors of the Company is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee (as defined herein) containing its recommendation to the Independent Shareholders (as defined herein) is set out on page 14 of this circular. A letter from Commerzbank AG Hong Kong Branch, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 24 of this circular.

A notice convening the special general meeting of the Company to be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 24 March 2006 at 10:00 a.m. is set out on pages 30 to 31 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return it to the Company's Branch Registrar in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof if you so wish.

Hong Kong, 8 March 2006

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## DEFINITIONS

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

“Agency Services”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“Annual Caps”	the maximum aggregate annual value of the transactions contemplated under the Continuing Connected Transactions for the financial years ending 31 March 2006, 2007 and 2008
“ASL Services and Products”	the provision of Local Outsourcing Project Services, Non-Local Outsourcing Project Services, Non-Outsourcing Project Services, Agency Services, Local Outsourcing Project Products, Non-Local Outsourcing Project Products and Non-Outsourcing Project Products by the Group to CSC Group pursuant to the Supply Agreements and/or any other agreements between the Company and any member of CSC Group which are on and subject to substantially the same terms as the Supply Agreements
“Board”	the board of the Directors
“Commerzbank”	Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, and an authorized financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Caps
“Company”	Automated Systems Holdings Limited, a limited liability company incorporated in Bermuda, with its shares listed on the Stock Exchange
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Continuing Connected Transactions”	the ASL Services and Products and the CSC Services and Products
“CSA Malaysia”	Computer Systems Advisers (M) Berhad, a company incorporated in Malaysia and a subsidiary of CSC, the securities of which are listed on the Kuala Lumpur Stock Exchange
“CSC”	Computer Sciences Corporation, the ultimate holding company of the Company, the securities of which are listed on the New York Stock Exchange

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## DEFINITIONS

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“CSC Group”	CSC and its subsidiaries (excluding the Group)
“CSC Services and Products”	the provision of Local Outsourcing Project Services, Non-Local Outsourcing Project Services, Non-Outsourcing Project Services, Agency Services, Local Outsourcing Project Products, Non-Local Outsourcing Project Products and Non-Outsourcing Project Products by CSC Group to the Group pursuant to the Supply Agreements and/or any other agreements between the Company and any member of CSC Group which are on and subject to substantially the same terms as the Supply Agreements
“CSC Singapore”	CSC Computer Sciences Pte Limited, a company incorporated in Singapore with limited liability and a subsidiary of CSC
“CSC/CSA Entities”	CSC, CSC Singapore and CSA Malaysia
“Director(s)”	the director(s) of the Company including the independent non-executive directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board, consisting of Messrs. Cheung Man, Stephen, Hon Sheung Tin, Peter and Li King Hang, Richard, being all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps
“Independent Shareholders”	the Shareholders other than CSC and its associates
“IT”	information technology
“Latest Practicable Date”	6 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Local Outsourcing Project Products”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular

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## DEFINITIONS

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“Local Outsourcing Project Services”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“Non-Local Outsourcing Project Products”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“Non-Local Outsourcing Project Services”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“Non-Outsourcing Project Products”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“Non-Outsourcing Project Services”	has the meaning as defined in the section headed “Services and products to be provided” in the letter from the Board set out in this circular
“PRC”	the People’s Republic of China
“Products”	IT products including but not limited to computer hardware, software, peripherals and other similar or associated products and related services
“SFO”	the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 24 March 2006 at 10:00 a.m. for the purposes of, among other things, seeking approval from the Independent Shareholders for, inter alia, the Continuing Connected Transactions and the Annual Caps
“Shareholder(s)”	holders of ordinary share(s) of HK\$0.10 each in capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreements”	the agreements dated 21 February 2006 entered into between the Company and each of CSC, CSC Singapore and CSA Malaysia respectively in relation to the Continuing Connected Transactions
“%”	per cent

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## LETTER FROM THE BOARD

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### AUTOMATED SYSTEMS HOLDINGS LIMITED

### 自動系統集團有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 771)

*Executive Directors:*

Mr. Lai Yam Ting (*Managing Director*)

Mr. Lau Ming Chi, Edward

*Non-executive Directors:*

Mr. Allen Joseph Pathmarajah (*Chairman*)

Mr. Kuo Chi Yung, Peter (*Deputy Chairman*)

Mr. Tan Swee Hock, Sunny

Mr. Moo Kwee Chong, Johnny

Ms. Tan Suan Kheng, Esther

Mr. George Finlay Bell

Mr. Darren John Collins

Mr. Wang Yung Chang, Kenneth

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Principal Office in Hong Kong:*

15th Floor, Topsail Plaza

11 On Sum Street

Shatin

New Territories

Hong Kong

*Independent Non-executive Directors:*

Mr. Cheung Man, Stephen

Mr. Hon Sheung Tin, Peter

Mr. Li King Hang, Richard

8 March 2006

*To the Shareholders*

Dear Sir or Madam,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

On 21 February 2006, the Board announced that the Company entered into a Supply Agreement with each of CSC, CSC Singapore and CSA Malaysia on 21 February 2006 for the purpose of governing the Continuing Connected Transactions. CSC is the ultimate holding company of the Company therefore, CSC and its associates, which include CSC Singapore and CSA Malaysia, are regarded as connected persons of the Company.

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## LETTER FROM THE BOARD

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The main purpose of this circular is to provide you with, among other things, (i) further information in relation to the Supply Agreements, the Continuing Connected Transactions and the Annual Caps; (ii) the letter of advice from Commerzbank, the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iii) the letter of recommendation from the Independent Board Committee; and to give you notice convening the SGM to seek approval from the Independent Shareholders for, among other things, the Continuing Connected Transactions and the Annual Caps.

### CONTINUING CONNECTED TRANSACTIONS AND THE SUPPLY AGREEMENTS

For the purposes of governing the Continuing Connected Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Company entered into a Supply Agreement with each of CSC, CSC Singapore and CSA Malaysia on 21 February 2006. The principal terms of the Supply Agreements are as follows:

Date: 21 February 2006

Parties: (a) the Company

(b) CSC, CSC Singapore and CSA Malaysia respectively

**(i) Services and products to be provided under the Supply Agreements:**

The Company will, and will procure its subsidiaries to, provide to the relevant CSC/CSA Entity, and the relevant CSC/CSA Entity will provide to the Group, the following services and products and on the following charging basis:

**(a) Services**

**Type of service**

**Charging basis**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Certain shared non-administrative functions and services including sharing of relevant human resources and facilities, network sharing, technical and project management services (i) provided by or charged to a Group member who is a local contracting entity, under the Supply Agreements with CSC and CSC Singapore respectively; or (ii) provided by a local contracting entity, under the Supply Agreement with CSA Malaysia (the “ <b>Local Outsourcing Project Services</b> ”) | Costs incurred in connection with providing the services plus a mark-up of not higher than 8% but, in respect of the Supply Agreement with CSA Malaysia, subject to adjustment |
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## LETTER FROM THE BOARD

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- |    |                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. | Certain IT services (including IT infrastructure, network architectural development, systems integration, application development, customer support and maintenance services, facilities management and training services) provided by a non-local contracting entity in relation to outsourcing projects (the “ <b>Non-Local Outsourcing Project Services</b> ”) | Costs incurred in connection with providing the services plus a mark-up of not lower than 8%                                                                                   |
| 3. | Certain IT services (including IT infrastructure, network architectural development, systems integration, application development, customer support and maintenance services, facilities management and training services) provided in relation to non-outsourcing projects (the “ <b>Non-Outsourcing Project Services</b> ”)                                     | Market price                                                                                                                                                                   |
| 4. | Agency services including provision of invoice handling services and purchase of certain products by one party for the other (“ <b>Agency Services</b> ”) but the Supply Agreement with CSA Malaysia only covers provision of invoice handling service                                                                                                            | Costs incurred in connection with providing the services plus a mark-up of not higher than 8% but, in respect of the Supply Agreement with CSA Malaysia, subject to adjustment |

### (b) Products

#### Products provided

#### Charging basis

- |    |                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                             |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Provision of Products in outsourcing projects (i) by a Group member who is a local contracting entity, or by the relevant CSC/CSA Entity to a Group member who is a local contracting entity, under the Supply Agreements with CSC and CSC Singapore respectively; or (ii) by a local contracting entity, under the Supply Agreement with CSA Malaysia (the “ <b>Local Outsourcing Project Products</b> ”) | Costs incurred in connection with providing the Products plus a mark-up not higher than 8% but, in respect of the Supply Agreement with CSA Malaysia, subject to adjustment |
| 2. | Provision of Products by a non-local contracting entity in outsourcing projects (the “ <b>Non-Local Outsourcing Project Products</b> ”)                                                                                                                                                                                                                                                                    | Costs incurred in connection with providing the Products plus a mark-up not lower than 8%                                                                                   |
| 3. | Provision of Products in relation to non-outsourcing projects (the “ <b>Non-Outsourcing Project Products</b> ”)                                                                                                                                                                                                                                                                                            | Market price                                                                                                                                                                |

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## LETTER FROM THE BOARD

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**(ii) Local Outsourcing Project Services, Non-Local Outsourcing Project Services and Non-Outsourcing Project Services**

Even though the ASL Services and Products and the CSC Services and Products cover the same broad categories, in practice, the types of services provided by the Group to CSC Group and vice versa under the categories of Local Outsourcing Project Services, Non-Local Outsourcing Project Services and Non-Outsourcing Project Services include (but are not limited to) the following:

- (a) in respect of the ASL Services and Products:–
- Local Outsourcing Projects Services: the Group provides project management services;
  - Non-Local Outsourcing Project Services: the Group provides IT infrastructure administrative services function, facilities management, network operation maintenance and on-site support (for example, customer’s data center operation services on a 24 x 7 basis, facilities infrastructure, security management and technical personnel), hardware maintenance and desktop computing services, and such services are provided in relation to outsourcing projects;
  - Non-Outsourcing Project Services: the types of services provided by the Group under this category are similar to those under Non-Local Outsourcing Project Services but they are provided in relation to non-outsourcing projects;
- (b) in respect of the CSC Services and Products:–
- Local Outsourcing Projects Services: CSC Group provides shared facilities such as provision of data centre and helpdesk support, global communication line/network, provision of application/management system for outsourcing services and account management;
  - Non-Local Outsourcing Project Services: CSC Group provides network, midrange facilities and maintenance, and such services are provided in relation to outsourcing projects;
  - Non-Outsourcing Project Services: the types of service provided by CSC Group under this category are similar to those under Non-Local Outsourcing Project Services but they are provided in relation to non-outsourcing projects.

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## LETTER FROM THE BOARD

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### **(iii) Agency Services**

Two main types of Agency Services are offered by the Group to CSC Group and vice versa. The first is invoice handling services i.e. collection by the Group on behalf of CSC Group from customers located in countries or regions where the Group, but not CSC Group, has a billing entity, and vice versa. The second type of Agency Services is purchase by the Group on behalf of CSC Group of products which are sourced in countries or regions where the Group, but not CSC Group, has presence, and vice versa. Therefore, the Agency Services are provided for the purposes of administrative convenience. The Group will, under the first type of Agency Services, transfer the invoiced amount collected from the customers to CSC Group and, under the second type of Agency Services, transfer the consideration received from CSC Group to the vendor of the products. In each case, the Group may charge CSC Group a fee. The same arrangement applies where CSC Group provides Agency Services to the Group. In respect of the Agency Services, only the agency fees (and not the invoiced amounts collected or consideration paid for products purchased) have been taken into account in calculating the Annual Caps for the ASL Services and Products and the CSC Services and Products respectively.

### **(iv) Products**

The Products which the Group and CSC Group provide to each other under the categories of Local Outsourcing Project Products, Non-Local Outsourcing Project Products and Non-Outsourcing Project Products will be sourced from third party vendors. The types of Products provided by the Group to CSC Group and vice versa are similar because under contracts made between the Group or CSC Group and the third party vendor of the Products, or between the customer and the third party vendor, there may be a pre-agreed procurement mechanism in respect of outsourcing project Products specifying the entity within the Group or CSC Group which places the order and buys the Products from the third party vendor.

### **(v) Local and non-local contracting entities**

A local contracting entity is the entity which enters into an agreement with the customer for the provision of outsourcing services to the customer. A non-local contracting entity will provide outsourcing services to the customer of the local contracting entity pursuant to such agreement, but the non-local contracting entity itself does not directly enter into an agreement with the customer in respect of such services.

### **(vi) Mark-up rate**

The percentage of the mark-up rate charged are determined based on prevailing market conditions and the comparative pricing study commissioned by CSC for the purpose of planning and evaluating the pricing arrangements in relation to provision of certain services among CSC and its foreign affiliates.

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## LETTER FROM THE BOARD

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**(vii) Adjustments to the charging basis**

Under the terms of the Supply Agreement made between the Company and CSA Malaysia, the parties agree to review and (if deemed appropriate) adjust the price range of the charging basis in respect of the Local Outsourcing Project Services, the Agency Services and the Local Outsourcing Project Products for the financial years covered by the Supply Agreement taking into account the prevailing market conditions and such other factors as may be considered relevant by the parties provided that the price range of the charging basis for each of the financial years ended 31 March 2007 and 2008 shall be the costs incurred by the relevant party in connection with providing the Products or the services plus a mark-up rate of not be higher than 10%.

**(viii) Term:**

Subject to approval by the Independent Shareholders and early termination by the parties to the agreements, the Supply Agreements shall remain in force until 31 March 2008.

**(ix) Condition precedent:**

The Supply Agreements are subject to approval by the Independent Shareholders of the transactions contemplated thereunder at the SGM on or before 31 March 2006.

**(x) Additional members:**

Members of CSC Group may from time to time enter into agreements with the Company on and subject to substantially the same terms as the Supply Agreements. The Continuing Connected Transactions entered into pursuant to such agreements will be subject to the Annual Caps. If the transactions covered by any of these agreements fall beyond the ASL Services and Products and the CSC Services and Products, the Company will comply with all applicable requirements under the Listing Rules.

### **HISTORICAL TRANSACTIONS**

For each of the three financial years ended 31 March 2003, 2004 and 2005, the aggregate value of the ASL Services and Products were approximately HK\$2,108,000, HK\$5,883,000 and HK\$6,800,000 respectively and the aggregate value of the CSC Services and Products were approximately HK\$5,819,000, HK\$6,867,000 and HK\$9,544,000 respectively.

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## LETTER FROM THE BOARD

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### PROPOSED ANNUAL CAPS

For each of the three financial years ending 31 March 2006, 2007 and 2008, the Board proposes that the Annual Caps be as follows:

- (i) in respect of the ASL Services and Products, HK\$6 million, HK\$30 million and HK\$50 million respectively; and
- (ii) in respect of the CSC Services and Products, HK\$20 million, HK\$30 million and HK\$50 million respectively.

As the Annual Caps in relation to (i) the ASL Services and Products for the financial years ending 31 March 2007 and 2008 and (ii) the CSC Services and Products for the financial years ending 31 March 2006, 2007 and 2008, represent more than 2.5% of the applicable percentage ratios, each of these categories of Continuing Connected Transactions is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

The Annual Caps for the CSC Services and Products were determined by reference to the historical figures as set out in the paragraph headed "Historical Transactions" and taking into account anticipated future demand and on the principal assumptions that for the relevant financial periods the business of the Group and CSC Group will experience significant growth as a result of (a) anticipated improvements in the economy which stimulates IT spending; (b) the needs of the Group and CSC Group for the relevant services and products due to the steady growth of the CSC Services and Products; and (c) the availability of other service and product providers.

The services and products provided by the Group and CSC Group under the Supply Agreements complement each other and will encourage members of each group to use the services and products provided by the other group. In this way, a reciprocal arrangement exists between the Group and CSC Group whereby each group will have the opportunity to participate in the outsourcing and other IT service contracts made between the other group and its customers and to explore the outsourcing business of the other group. Because of the reciprocal arrangement between the Group and CSC Group, the Board expects the Annual Caps for the ASL Services and Products for the financial years ending 31 March 2007 and 2008 to be the same as the Annual Caps for the CSC Services and Products in respect of the corresponding financial years.

### REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

CSC Group will, from time to time, enter into outsourcing or other IT service contracts with global or regional customers who have presence in the Asia Pacific region in connection with the provision of IT services. The Group may participate in such transactions by providing local or regional support to CSC and/or its customers. The Board is of the view that the Continuing Connected Transactions can (i) broaden the customer base of the Group; and (ii) enable the utilization of the resources, technical expertise and technological know-how of the Group and CSC Group on a sharing basis to provide quality products and services to their customers.

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## LETTER FROM THE BOARD

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The Directors (excluding the independent non-executive Directors, whose opinion is included in the letter from the Independent Board Committee set out on page 14 of this circular), consider that the Continuing Connected Transactions have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and have been or will be negotiated on an arm's length basis. The Directors (excluding the independent non-executive Directors for the reason stated above) are of the view that the Continuing Connected Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### LISTING RULES REQUIREMENTS

As CSC is the ultimate holding company of the Company, CSC and its associates are regarded as connected persons of the Company. Since CSC Singapore and CSA Malaysia are associates of CSC, they are connected persons of the Company. Hence, the Continuing Connected Transactions constitute connected transactions for the Company for the purposes of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

### THE SGM

At the SGM, an ordinary resolution will be proposed to the Independent Shareholders to consider, and if thought fit, to approve the Continuing Connected Transactions and the Annual Caps by way of poll pursuant to the Listing Rules. A notice convening the SGM, to be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 24 March 2006 at 10:00 a.m. or any adjournment thereof is set out on pages 30 to 31 of this circular.

A form of proxy for use by the Independent Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return it to the Company's Branch Registrar in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but 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 if you so wish.

In accordance with the Listing Rules, CSC and its associates will abstain from voting on the ordinary resolution to approve the Continuing Connected Transactions and the Annual Caps.

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## LETTER FROM THE BOARD

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### PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to Bye-law 70 of the bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand of a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (d) by any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### GENERAL

The Group is principally engaged in the business of information technology, providing systems integration, IT infrastructure, software and consulting services, engineering support for products and solutions, managed services as well as supply of IT and associated products in Hong Kong, Macau, Taiwan and Thailand.

CSC Group is principally engaged in the business of information technology outsourcing and IT and professional services for customers in the global commercial and the United States markets.

CSC Singapore is principally engaged in the business of providing information technology services, systems integration and consulting, customer services and support and outsourcing in Asia.

CSA Malaysia and its subsidiaries are principally engaged in the business of providing information technology services, systems integration and consulting, customer services and support and outsourcing in Malaysia.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendation to the Independent Shareholders regarding the Continuing Connected Transactions and the Annual Caps; and (ii) the letter from Commerzbank set out on pages 15 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Caps.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the terms and conditions of the Supply Agreements and the advice of Commerzbank, considers that the Continuing Connected Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution approving, among other things, the Continuing Connected Transactions and the Annual Caps to be proposed in the SGM.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of  
**Automated Systems Holdings Limited**  
**Lai Yam Ting**  
*Managing Director*



**AUTOMATED SYSTEMS HOLDINGS LIMITED**

**自動系統集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 771)

8 March 2006

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Caps. Details of the Supply Agreements, the Continuing Connected Transactions and the Annual Caps are set out on pages 4 to 13 of the circular (the “**Circular**”) dated 8 March 2006 issued by the Company to the Shareholders of which this letter forms part. The terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 4 to 13 of the Circular and the letter of advice from Commerzbank set out on pages 15 and 24 of the Circular.

Having taken into account the terms and conditions of the Supply Agreements and the advice of Commerzbank, we consider that the Continuing Connected Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We would therefore recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve, among other things, the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,  
Independent Board Committee of  
**Automated Systems Holdings Limited**  
**Cheung Man, Stephen    Hon Sheung Tin, Peter**  
**Li King Hang, Richard**

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# LETTER FROM COMMERZBANK

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*The following is the text of the letter of advice to the Independent Board Committee and Independent Shareholders from Commerzbank prepared for the purpose of incorporation in this circular.*

德 國 商 業 銀 行

**COMMERZBANK** 

(Public Limited Company Incorporated in the Federal Republic of Germany)

HONG KONG BRANCH

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HONG KONG

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3A Chater Road, Central

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8 March 2006

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions including those transactions contemplated under the Supply Agreements and the Annual Caps, the definitions of which, amongst other things, are set out in the circular dated 8 March 2006 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

By an announcement dated 21 February 2006, the Board announced that the Company entered into a Supply Agreement with each of CSC, CSC Singapore and CSA Malaysia for the purpose of governing the Continuing Connected Transactions. As CSC is the ultimate holding company of the Company, CSC and its associates (which include CSC Singapore and CSA Malaysia) are regarded as connected persons of the Company. Therefore, the Supply Agreements constitute continuing connected transactions for the Company under the Listing Rules, and will be subject to the reporting, announcement and Independent Shareholders’ approval requirements under Rule 14A.35 of the Listing Rules.

Our role as the independent financial adviser to the Independent Board Committee is to give our advice and recommendation to the Independent Shareholders on the non-exempt Continuing Connected Transactions and the Annual Caps as to whether they are (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole.

In rendering our opinion, we have researched, analyzed and relied on information from independent third party sources. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

We consider that we have (i) taken reasonable steps as required under the Listing Rules 13.80 in obtaining all necessary information from the Company; and (ii) reviewed sufficient information to enable us to reach an informed view regarding the Continuing Connected Transactions and the Annual Caps and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We

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## LETTER FROM COMMERZBANK

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have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Group and its respective associates.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinion and representations given by the Company contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations of the Company that having made all due enquiries and careful decisions, and to the best of its knowledge and belief, there is no other fact or representation, the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information and statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which they are wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

### A. CONTINUING CONNECTED TRANSACTIONS

#### PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the overall fairness and reasonableness of the Continuing Connected Transactions and the Annual Caps and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

##### 1. Background

The Group is principally engaged in the business of information technology, providing systems integration, IT infrastructure, software and consulting services, engineering support for products and solutions, managed services as well as supply of IT and associated products in Hong Kong, Macau, Taiwan and Thailand.

CSC Group is principally engaged in the business of information technology outsourcing and IT and professional services for customers in the global commercial and the United States markets.

CSC Singapore is principally engaged in the business of providing information technology services, systems integration and consulting, customer services and support and outsourcing in Asia.

CSA Malaysia and its subsidiaries are principally engaged in the business of providing information technology services, systems integration and consulting, customer services and support and outsourcing in Malaysia.

As set out in the letter from the Board, the CSC Group will, from time to time, enter into IT contracts with customers who have a presence in the Asia Pacific region. The Group may participate in such transactions by providing local or regional support to CSC and/or its customers. As different customers have their specific requirements and needs, and each of the Group and the

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## LETTER FROM COMMERZBANK

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CSC Group has different resources, technical expertise and technological know-how, by entering into the Continuing Connected Transactions, the resources, technical expertise and technological know-how of the Group and the relevant member of the CSC Group can be utilized on a sharing basis, which in turn can ensure the provision of quality products and services to the customers. Accordingly, the Company entered into a Supply Agreement with each of CSC, CSC Singapore and CSA Malaysia on 21 February 2006 under which the Group may participate in such transactions by providing local or regional support to CSC and/or its customers until 31 March 2008.

The Board is of the view that the Continuing Connected Transactions can (i) broaden the customer base of the Group; and (ii) enable the utilization of the resources, technical expertise and technological know-how of the Group and the relevant member of the CSC Group on a sharing basis to provide quality products and services to their customers.

### **2. Terms and the pricing policies of the Continuing Connected Transactions**

The Company has entered into a Supply Agreement with each of CSC, CSC Singapore, and CSA Malaysia on 21 February 2006 for the purpose of governing the Continuing Connected Transactions. We have reviewed the Supply Agreements and note that except for the identity of the parties, the principal terms of all Supply Agreements are substantially similar to each other.

#### *2.1 Background of the Continuing Connected Transactions*

As set out in the letter from the Board, the CSC Group will, from time to time, enter into IT contracts with customers who have presence in the Asia Pacific region. The Group may participate in such transactions by providing local or regional support to CSC and/or its customers. The services and products provided by the Group and the CSC Group under the Supply Agreements complement each other and will encourage members of each group to use the services and products provided by the other group. We have discussed with the Executive Directors and note that pursuant to the global outsourcing model, CSC or a related corporation of CSC, will enter into a master service agreement with customer to cover outsourcing activities across different regions or countries. Pursuant to the master agreement, the respective related corporations of the CSC Group and customers will enter into various local agreements to give effect to and implement the master agreement at local level.

CSC Group is a leading global information technology consulting and outsourcing services company and maintains a global presence and customer base. We understand that the CSC Group offers a wide array of services to clients in the global marketplace. In this connection, the Directors are of the view that for efficiency reasons, the different local entities within the CSC Group can assist and provide inter-group services to its clients at local level.

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## LETTER FROM COMMERZBANK

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### 2.2 *Terms of the Supply Agreements*

The Company will, and will procure its subsidiaries, to provide the relevant CSC/CSA Entities, and the relevant CSC/CSA Entities will provide to the Group, the following services and products on the following charging basis:

- (i) For Local Outsourcing Project Services, the Agency Services and Local Outsourcing Project Products, the charging basis is cost plus a mark-up of not higher than 8%, except in respect of the Supply Agreement with CSA Malaysia, which charging basis will be subject to review and adjustment on a yearly basis, and the mark-up rate will not be higher than 10% for each of the financial years ending 31 March 2007 and 2008, respectively.
- (ii) For Non-Local Outsourcing Project Services and Non-Local Outsourcing Project Products, the charging basis is cost plus a mark-up of not lower than 8%.
- (iii) For Non-Outsourcing Project Services and Non-Outsourcing Project Products, the charging basis is market price.

We have reviewed the Supply Agreements, and note that, in addition to the pricing, the CSC Group agrees to provide to the Group (and vice versa), the Continuing Connected Transactions in accordance with, inter alia, the following terms:

- (i) other members of the CSC Group may from time to time enter into agreements for the provision of the ASL Services and Products and the CSC Services and Products with the Group on and subject to substantially the same terms and conditions as set out in the Supply Agreements; and
- (ii) the ASL Services and Products and the CSC Services and Products between the CSC Group and the Group shall be reduced into writing in the form of a work order, in which the principal terms on pricing and payment shall adhere to the terms and conditions of the Supply Agreements, with necessary modification on a case-by-case basis; and

### 2.3 *The Charging Basis of the Supply Agreements*

We have discussed with the Executive Directors and understand that the charging basis as set out above was determined by CSC (the ultimate holding company of the Group) with reference to the inter-company arrangement exercise conducted by PricewaterhouseCoopers in the United States in December 2004 (the “**PWC Report**”). For Local Outsourcing Project Services, Agency Services and Local Outsourcing Project Products, the charging basis is cost plus mark-up not higher than 8%. For Non-Local Outsourcing Project Services and Non-Local Outsourcing Project Products, the charging basis is cost plus mark-up of not lower than 8%.

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## LETTER FROM COMMERZBANK

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We have discussed with the Executive Directors and understand that the purpose of the PWC Report is to assist CSC in connection with inter-company transfer pricing arrangement amongst other members of the CSC Group. The Directors are of the view that the PWC Report serves as a good reference in benchmarking inter-company transfer pricing within the CSC Group. We have reviewed the PWC Report and note that PricewaterhouseCoopers has conducted a very thorough research on inter-company transfer pricing for information technology service providers globally, with detailed breakdown as to the company background, reasons for exclusion as a comparable company and special remarks. The PWC Report reveals inter-quartile range and median of the three-year average transfer pricing derived from information technology service providers globally.

We have reviewed the PWC Report and have discussed with the Executive Directors as to the parameters and basis used in the PWC Report. We understand that the overall principles on the charging basis, i.e. 8% is determined after taking into consideration the PWC Report, which results are based on the transfer pricing study on 58 comparable companies globally. We have reviewed the selection criteria of the 58 comparable companies in the PWC Report, and note that, in particular, the followings:

- (i) various databases were used in collecting information on comparable companies globally;
- (ii) comparable companies must have satisfied various size tests in terms of turnover, number of employees or assets;
- (iii) companies without two full years of consecutive financial data or reported consecutive losses over the past two years are excluded;
- (iv) the transfer pricing is in the range of 8% to 10%, which were arrived at after a three-year study on 58 comparable companies, and the range represents the transfer pricing of 75% of all comparable companies under review; and
- (v) reveals inter-quartile range and median of the three-year average transfer pricing derived from 58 comparable companies.

We understand that CSA Malaysia and the Group agreed to review and (if deemed appropriate) adjust the price range of the charging basis in respect of the Local Outsourcing Project Services, the Agency Services and the Local Outsourcing Project Products for the duration of the Supply Agreement, provided that the price range of the charging basis for each of the financial years ending 31 March 2007 and 2008 shall be the costs incurred plus a mark-up rate of not higher than 10%. We have discussed with the Executive Directors the reason why different mark-up rate was applied. We understand from the Executive Directors that profit margins may differ in different regions (i.e. if CSA Malaysia is able to maintain a lower cost than other CSC/CSA Entities). As a result, the pricing mechanism adopted by each CSC/CSA Entity was independently determined after taking into consideration of the prevailing business environment and other factors as considered appropriate in each different jurisdiction with reference to the pricing benchmark as set out in the PWC Report.

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## LETTER FROM COMMERZBANK

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We note that the PWC Report was prepared in December 2004. Given that the (i) mark-up rate serves as a price ceiling or price floor of the Continuing Connected Transactions, and depending on the subsequent work order between different entities of the CSC Group, the mark-up rate will vary within this agreed range; and (ii) analysis in the PWC Report reveals inter-quartile range and the median of the three years average transfer pricing of 58 comparable companies, we are of the view that the reliance of the PWC Report by the CSC Group and/or the Directors is fair and reasonable.

For Non-Outsourcing Project Services and Non-Outsourcing Project Products, we understand that the market prices apply. We have discussed with the Executive Directors and understand that as there is no outsourcing contractual commitment between the entities of the CSC Group, market price shall apply. The market price is defined as the price at which the similar type of services or products are provided by or to independent third parties in the ordinary course of business of the Group and the CSC Group.

Given (i) that the transfer pricing was determined with reference to the PWC Report, being a comprehensive transfer pricing study conducted by independent third party expert, serves as a good reference in determining the cost-plus approach for the ASL Services and Products and the CSC Services and Products; (ii) a separate work order will have to be negotiated between the Group and the CSC Group on an arm's length basis on a case-by-case basis; (iii) the nature of the IT business, which local presence and proximity to the customers is one of the keys to success; and (iv) the CSC Group and the Group has been in cooperation since 1999, we are of the view that the continuation of the Continuing Connected Transactions and the charging basis for the ASL Services and Products and the CSC Services and Products are fair and reasonable.

### **B. PROPOSED ANNUAL CAPS ON THE CONTINUING CONNECTED TRANSACTIONS**

The Company expects that the Annual Caps in respect of the ASL Services and Products for each of the financial years ending 31 March 2006, 2007 and 2008 will not be exceeding HK\$6 million, HK\$30 million and HK\$50 million, respectively; and the CSC Services and Products for each of the financial years ending 31 March 2006, 2007 and 2008 will not be exceeding HK\$20 million, HK\$30 million and HK\$50 million, respectively.

In determining whether the above Annual Caps proposed by the Company are fair and reasonable in so far as the Shareholders as a whole are concerned, we have reviewed and discussed with the Executive Directors the basis for setting the respective Annual Caps for the above Continuing Connected Transactions.

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## LETTER FROM COMMERZBANK

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### 3. The historical aggregate value for the Continuing Connected Transactions

As set out in the letter from the Board, the historical aggregate value of the ASL Services and Products for each of the three financial years ended 31 March 2003, 2004 and 2005 were approximately HK\$2,108,000, HK\$5,883,000 and HK\$6,800,000, respectively and of the CSC Services and Products were approximately HK\$5,819,000, HK\$6,867,000 and HK\$9,544,000, respectively. The aggregate ASL Services and Products and the CSC Services and Products for the first nine months ended 31 December 2005 were approximately HK\$3,580,000 and HK\$11,971,000, respectively.

### 4. The ASL Services and Products and the CSC Services and Products

#### 4.1 *Basis of the Annual Caps for the year ending 31 March 2006*

We have discussed with the Executive Directors and note that the above projected figures for the ASL Services and Products and the CSC Services and Products are determined based on the internal projections of the management with reference to (i) the aggregate Continuing Connected Transactions amount for the first nine months ended 31 December 2005, which amount to approximately HK\$3,580,000 and HK\$11,971,000 respectively; and (ii) the projected contractual commitment between the CSC Group and the Group pursuant to existing contracts.

We understand from the Executive Directors that approximately 40% of the proposed Annual Caps of the ASL Services and Products and the CSC Services and Products for the year end 2006 has been reserved for the last three months ending 31 March 2006 (the aggregate monetary value for the first nine months was HK\$3,580,000 and HK\$11,971,000, respectively and the proposed Annual Caps for the year ending 31 March 2006 are HK\$6,000,000 and HK\$20,000,000, respectively). Given the proximity to 31 March 2006, we have discussed with the Executive Directors their mechanism in arriving at the Annual Caps for 31 March 2006. The Executive Directors explained that the Group and the CSC Group may have various transactions under an existing outsourcing contract by end of March 2006.

#### 4.2 *Basis for the Annual Caps for the years ending 31 March 2007 and 2008*

In view of the reciprocity in the provision of services and products between the Group and the CSC Group, the Annual Caps for the ASL Services and Products and the CSC Services and Products are the same for the years ending 31 March 2007 and 2008. We note that the Company has estimated a five times increase and a 50% increase for the ASL Services and Products and the CSC Services and Products respectively for the year ending 31 March 2007 as compared to the corresponding period in 2006. The projected Annual Caps for the year ending 31 March 2008 has an approximately 66% increase as compared to the corresponding period in 2007.

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## LETTER FROM COMMERZBANK

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We have discussed with the Executive Directors as to the prospect of the IT outsourcing industry and have reviewed the assumptions underlying the Executive Directors' assessment on the proposed Annual Caps:

### 4.2.1 The overall trend in global IT outsourcing

According to the research reports issued by Gartner in May and October 2005 (a leading provider of research and analysis on global information technology industry), it is estimated that Asia Pacific IT outsourcing industry is increasing at a compound annual growth rate (the "CAGR") of 10.3% for the period between 2004 and 2009, comparatively higher than the global CAGR of 6.8% for the same period. The growth in the Asia Pacific is attributable to (i) the focus of Asian companies on their core business and outsourcing their IT department to cut down their operation cost in the coming few years; and (ii) multinational companies (the "MNC") in the United States and Europe will increase their presence in the Asia Pacific region by establishing representative offices or regional headquarters.

We understand that CSC Group's clients consist of both government bodies and MNCs, and the continued expansion of these MNCs into Asia will provide business opportunities to the Group through the Supply Agreements with the CSC Group.

### 4.2.2 Existing working relationship with the CSC Group

We understand that the Group was founded in Hong Kong in 1973 and has established its reputation as a leading system integrator and total solution provider in the region. We have also reviewed the clientele list of the Group, which includes the Hong Kong Government, leading companies in the banking and financial sectors, public organizations and the education sectors. In addition, we have reviewed various IT contracts tendered by the Group and note that the contractual amount for the CSC Services and Products and the ASL Services and Products can be very substantial. We have reviewed historical transactions and note that the CSC Group and the Group have good track records and experiences in providing IT services to both private sectors and public sectors in Hong Kong, and the Group has teamed up with the CSC Group to bid for sizeable government contracts. For example, the CSC Group and the Group has tendered for a ten-year IT contract awarded by a government organization, with an estimated aggregate value of over HK\$500 million for a period of 10 years.

We note that the Company has signed on to participate in all four out-sourcing categories under the Government of Hong Kong's new Standing Offer Agreement for Quality Professional Services (the "Scheme") in December 2005. Hong Kong Government is one of the largest customer in the Hong Kong IT outsourcing industry, accounted for approximately 20% of the average total Hong Kong IT outsourcing services market. In accordance with the information from the Office of the Government of the Chief Information Officer, we note that the Company is amongst the three companies that is qualified to bid for a range of IT services projects that cost more than HK\$10 million in four categories, including pre-implementation and independent

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## LETTER FROM COMMERZBANK

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programme/project management services, on-going services, implementation and full system development life cycle services, and information security services under the Scheme.

Given (i) the Group has previously been awarded IT outsourcing contracts from the Government of Hong Kong; (ii) its recent selection as one of the qualified candidates in tendering IT outsourcing contracts to be awarded by the Hong Kong Government; and (iii) its past experience in teaming up with the CSC Group in both private and public sectors in IT outsourcing contracts in Hong Kong for contracts of substantial amount we are of the view that the Group has a reasonable chance in winning more IT outsourcing contracts in the tendering process due to its good track records, and hence more business opportunities.

### 4.2.3 Expansion of the Group's capacities

As a result of the Supply Agreement, the Company acts as a product procurement services provider for the CSC Group in the Asia Pacific region. The Directors are of the view that the Group will offer product procurement under IT outsourcing services contract as an additional source of revenue stream. In addition, we understand that the Supply Agreements provide the Group the opportunities to sign on further customer's data centre facilities management contracts and helpdesk support services as contemplated with other CSC/CSA Entities, thereby enhancing the utilization rate of such facilities.

### 4.3 Overall conclusion

We have reviewed the projections taking into account (i) the first nine months historical figures on the ASL Services and Products and the CSC Services and Products; (ii) the positive outlook of the global IT outsourcing industry and the IT outsourcing industry in Hong Kong; (iii) the Group's plan of continuing to tender for Government projects or projects with substantive contractual amount; (iv) the possibilities of teaming up with the CSC Group in tendering substantial contractual sum of IT outsourcing contracts; and (iv) the chance of the Group in winning respective IT contracts from the Hong Kong Government and customers of the CSC Group due to its good track record, extensive past experience and good relationship with the CSC Group.

In order to allow the Group to seek continuous co-operation with the CSC Group, which has been on-going since 1999, the Directors now seek the Independent Shareholders' approval of the Continuing Connected Transactions and their proposed Annual Caps. When setting the new Annual Caps, the Directors made projections of the products and services over the next three years based on, amongst other factors, the positive industry growth and the probable chance of winning projected IT services from the Hong Kong Government and other potential customers for the three years ending 31 March 2008. The proposed Annual Caps in 2007 and 2008 are considered by the Directors to be a reasonable buffer for future growth of the IT outsourcing of the Group in the Asia Pacific region. Having considered the

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## LETTER FROM COMMERZBANK

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above as a whole, we are of the view that the proposed Annual Caps for the ASL Services and Products and the CSC Services and Products under the Supply Agreements are fair and reasonable.

### OVERALL RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the view that the Continuing Connected Transactions and the Annual Caps are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve, amongst other things, the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,  
For and on behalf of  
Commerzbank AG Hong Kong Branch

**Harald W. A. Vogt**  
General Manager

**Helen Ho**  
Head of Corporate Finance – M&A Advisory

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF DIRECTORS' INTERESTS

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

### (a) Shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total number of shares held	Approximate % of shareholding
Automated Systems Holdings Limited	Lai Yam Ting	4,141,621	-	-	-	4,141,621	1.41%
	Kuo Chi Yung, Peter	9,271,241	-	-	-	9,271,241	3.16%
Automated Systems (H.K.) Limited	Lai Yam Ting	1,070,000 (Note 1)	-	-	-	1,070,000	N/A (Note 2)
	Kuo Chi Yung, Peter	2,140,000 (Note 1)	-	-	-	2,140,000	N/A (Note 2)
Computer Systems Advisers (M) Berhad	Tan Swee Hock, Sunny	132,000	48,000 (Note 3)	-	-	180,000	0.18%
	Tan Suan Kheng, Esther	36,000	-	-	-	36,000	0.04%

#### Notes:

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

## (b) Underlying shares

Name of company	Director	Personal interests	Family interests	Corporate interests	Other	Total number of shares held
Automated Systems Holdings Limited	Lai Yam Ting	2,068,000 (Note 4)	–	–	–	2,068,000
	Lau Ming Chi, Edward	1,068,000 (Note 4)	–	–	–	1,068,000
	Kuo Chi Yung, Peter	708,000 (Note 4)	–	–	–	708,000
Computer Sciences Corporation	Darren John Collins	12,000 (Note 5)	–	–	–	12,000
	George Finlay Bell	147,632 (Note 5)	–	–	–	147,632

*Notes:*

4. Options to acquire ordinary shares of the Company.
5. Options to acquire common stock of Computer Sciences Corporation (“CSC”).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in any 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 interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

### 3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERSTS

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Number of ordinary shares of the Company held		Percentage of issued share capital	Notes
	Direct interest	Deemed interest		
CSA Holdings Ltd ("CSA")	189,701,896	–	64.6%	1
CSC Computer Sciences International Inc. ("CSI")	13,730,000	189,701,896	69.2%	1
CSC	–	203,431,896	69.2%	2

*Notes:*

- As at the Latest Practicable Date, CSI beneficially owned the entire issued share capital of CSA and was accordingly deemed to be interested in 189,701,896 shares of the Company. In addition, CSI owned directly 13,730,000 shares of the Company.
- CSC, through its wholly-owned subsidiary, CSI, was deemed to be interested in 203,431,896 shares of the Company.

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

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group (excluding contracts expiring or determinable by relevant member of the Group within one year without payment of compensation, other than statutory compensation).

### 5. QUALIFICATION AND CONSENT OF EXPERT

Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, and an authorized financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO. Commerzbank has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Commerzbank had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Commerzbank did not have any direct or indirect interest in any assets which had since 31 March 2005 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors nor their respective associates had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

#### **7. MATERIAL INTEREST**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 March 2005 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **8. NO 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 31 March 2005 (being the date to which the latest published audited accounts of the Company were made up).

#### **9. GENERAL**

The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

#### **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 27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong up to and including the date of the SGM:

- (a) the Supply Agreements;
- (b) the letter from the Independent Board Committee as set out on page 14 of this circular;

- (c) the letter from Commerzbank, the independent financial adviser, as set out on pages 15 to 24 of this circular; and
- (d) the written consent of Commerzbank referred to in this appendix.

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## NOTICE OF THE SGM

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### **AUTOMATED SYSTEMS HOLDINGS LIMITED**

### **自動系統集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 771)

### **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Automated Systems Holdings Limited (自動系統集團有限公司) (the "Company") will be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 24 March 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without modification, as ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

**" THAT:**

- (a) the Continuing Connected Transactions (as defined in the circular to the shareholders of the Company dated 8 March 2006 (the "Circular") a copy of which has been produced to the meeting and marked "A" and initialed by the Chairman of the meeting for identification purpose) and the supply agreements dated 21 February 2006 entered into between the Company and each of Computer Sciences Corporation, CSC Computer Sciences Pte Limited and Computer Systems Advisers (M) Berhad (together the "Supply Agreements", copies of which have been produced to the meeting and marked "B", "C" and "D" respectively and initialed by the Chairman of the meeting for identification purpose) be and are hereby approved, ratified and confirmed;
- (b) the fixing of the maximum aggregate annual values of the ASL Services and Products (as defined in the Circular) at HK\$6 million, HK\$30 million and HK\$50 million and of the CSC Services and Products (as defined in the Circular) at HK\$20 million, HK\$30 million and HK\$50 million respectively be and are hereby approved; and
- (c) the directors of the Company be and are hereby authorized for and on behalf of the Company to do all acts and things, to sign and execute all such other documents, deeds, instruments and agreements and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Supply Agreements, the Continuing Connected Transactions and all other matters incidental thereto."

By order of the Board  
**Lau Ming Chi, Edward**  
*Secretary*

Hong Kong, 8 March 2006

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## NOTICE OF THE SGM

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*Registered office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Principal Office in Hong Kong:*  
15th Floor, Topsail Plaza  
11 On Sum Street  
Shatin  
New Territories  
Hong Kong

*Notes:*

1. 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 (in the case of a shareholder being a corporation by its duly authorized representative) 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.
2. 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.
3. To be valid, a form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited with the Company's Branch Registrar in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.