

29 September 2009

*To the Shareholders and the Optionholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
DELOITTE & TOUCHE CORPORATE FINANCE LIMITED  
FOR AND ON BEHALF OF TEAMSUN TECHNOLOGY (HK) LIMITED  
FOR ALL THE ISSUED SHARES IN  
AUTOMATED SYSTEMS HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY  
TEAMSUN TECHNOLOGY (HK) LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
AND TO CANCEL ALL OUTSTANDING OPTIONS OF  
AUTOMATED SYSTEMS HOLDINGS LIMITED**

**INTRODUCTION**

Reference is made to the Joint Announcement made by the Company and the Offeror dated 6 May 2009 and the Circular of the Company dated 30 June 2009.

The Vendors entered into the Share Purchase Agreement with Teamsun on 24 April 2009, pursuant to which the Vendors conditionally agreed to sell and Teamsun conditionally agreed to purchase the Sale Shares for cash consideration in an aggregate sum of approximately HK\$262.4 million (equivalent to HK\$1.29 per Sale Share). The Sale Shares represented approximately 65.3% of the issued share capital of the Company as at the Latest Practicable Date and the entire interest in the Company owned by the Vendors prior to Completion. The Share Purchase Agreement was conditional upon the fulfillment of a number of Conditions, including but not limited to, the GAT Closing and the payment of the Special Dividend.

On 24 April 2009, the Group entered into the GAC Special Deal Agreements comprising the Global Account Transfer Agreement, the Data Centre Agreement, the First Master Subcontract Agreement and the Second Master Subcontract Agreement with CSC HK and the Business Referral Termination Agreement and the Territorial Termination Agreement with CSAM and CSA Holdings respectively. The consideration for the Disposal pursuant to the Global Account Transfer Agreement was approximately HK\$125 million, which had been satisfied by CSC HK entirely in cash on the date of GAT Closing.

On 17 July 2009, the resolutions in respect of the Special Deals and the Special Dividend were duly approved at the SGM.

After the GAT Closing on 28 August 2009, the Company distributed the proceeds under the Disposal and surplus cash of the Company for the Special Dividend on 10 September 2009 to all

Shareholders (including CSA Holdings and CSC International) whose names appeared on the register of members of the Company on the Dividend Record Date (21 August 2009). The Special Dividend amounts to HK\$0.92 per Share.

On 10 September 2009, all the Conditions were fulfilled and Completion took place on 23 September 2009.

At Completion, Teamsun and parties acting in concert with it acquired 203,431,896 Shares, representing approximately 68.4% and 65.3% of the entire issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date respectively. The reduction in percentage of Shares held by Teamsun and parties acting in concert with it was due to the exercises of Options by the Optionholders after the date of the Joint Announcement, which increased the number of total issued Shares from 297,427,000 as at the date of the Joint Announcement to 311,403,000 as at the Latest Practicable Date. In accordance with Rule 26.1 of the Takeovers Code, Teamsun is required to make the General Offer for all the Disinterested Shares and to make a comparable offer for all the Options in compliance with Rule 13 of the Takeovers Code upon Completion.

This letter sets out details of the terms of the Offers, information on the Offeror and the intention of the Offeror regarding the future of the Group. Further details of the terms of the Offers are set out in Appendix I to this document and in the accompanying Forms of Acceptance.

Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders and the letter from Taifook to the Independent Board Committee contained in this document.

## **THE OFFERS**

### **Principal terms of the General Offer**

DTCFL, on behalf of Teamsun, is making the General Offer, which is unconditional in all respect, to acquire all the Disinterested Shares, and is making a comparable offer for all the Options in compliance with Rule 13 of the Takeovers Code, on the following basis:

**For each Share . . . . . HK\$1.29 in cash**

As at the Latest Practicable Date, there were a total of 311,403,000 Shares in issue (of which 203,431,896 Shares are owned by the Offeror) and 1,966,000 outstanding Options which may confer rights to the Optionholders to subscribe for new Shares.

### **Principal terms of the Option Offer**

**For each 1,000 Options . . . . . HK\$0.01 in cash**

As at the Latest Practicable Date, the Company had 1,966,000 outstanding Options entitling the holders thereof to subscribe for an aggregate of 1,966,000 Shares with exercise prices ranging from HK\$1.95 to HK\$3.40 per Share. As the outstanding Options have exercise prices higher than the Offer Price, the Options are therefore out of the money. In this situation, the Option Offer is being made only at a nominal price of HK\$0.01 for each 1,000 Options.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced. Pursuant to the share option schemes of the Company adopted on 16 October 1997 and 8 August 2002, Optionholders shall be entitled to exercise the outstanding Options granted under the share option scheme of the Company adopted on 16 October 1997 in full within 21 days after the date on which the Offers become or are declared unconditional (i.e. the commencement date of the Offers) and for outstanding Options granted under the share option scheme of the Company adopted on 8 August 2002, within 14 days after the date on which the Offers

become or are declared unconditional (i.e. the commencement date of the Offers). For those Optionholders who do not accept the Option Offer, Options that are not exercised within the said 21 days or 14 days period (as the case may be) will in the event lapse and determine.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Shares or Options (as the case may be) nor any other conditions.

Save for the Options as mentioned above, the Company has no other outstanding options, warrants or securities convertible into Shares as at the Latest Practicable Date.

### **Comparison of value**

The Offer Price of HK\$1.29 per Disinterested Share receivable by the Shareholders under the General Offer represents:

- (a) a discount of approximately 39.4% to the closing price of HK\$2.130 per Share as quoted on the Stock Exchange on 2 April 2009, being the last trading day immediately before the date of the Joint Announcement;
- (b) a discount of approximately 31.7% to the closing price of HK\$1.890 per Share as quoted on the Stock Exchange on 1 April 2009, being the last full trading day immediately before the date of the Joint Announcement (the "Last Full Trading Day");
- (c) a discount of approximately 27.7% to the average closing price of approximately K\$1.784 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Full Trading Day;
- (d) a discount of approximately 25.1% to the average closing price of approximately HK\$1.722 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Full Trading Day;
- (e) a discount of approximately 23.8% to the average closing price of approximately HK\$1.692 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Full Trading Day;
- (f) a discount of approximately 24.4% to the Group's audited consolidated net asset per Share of approximately HK\$1.707 based on the Group's audited consolidated net assets of approximately HK\$531.5 million as at 31 March 2009 and 311,403,000 Shares in issue as at the Latest Practicable Date;
- (g) a discount of approximately 26.3% to the Group's unaudited net asset per Share of approximately HK\$1.750 based on the Group's unaudited consolidated net assets of approximately HK\$545.0 million as at 30 June 2009 and 311,403,000 Shares in issue as at the Latest Practicable Date; and
- (h) a discount of approximately 18.4% to the closing price of HK\$1.580 per share as quoted on the Stock Exchange on the Latest Practicable Date.

The Total Benefit of HK\$2.21 per Disinterested Share receivable by the Shareholders under the Special Dividend and the General Offer represents:

- (a) a premium of approximately 3.8% over the closing price of HK\$2.130 per Share as quoted on the Stock Exchange on 2 April 2009, being the last trading day immediately before the date of the Joint Announcement;

- (b) a premium of approximately 16.9% over the closing price of HK\$1.890 per Share as quoted on the Stock Exchange on 1 April 2009, being the Last Full Trading Day;
- (c) a premium of approximately 23.9% over the average closing price of approximately HK\$1.784 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Full Trading Day;
- (d) a premium of approximately 28.3% over the average closing price of approximately HK\$1.722 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Full Trading Day;
- (e) a premium of approximately 30.6% over the average closing price of approximately HK\$1.692 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Full Trading Day;
- (f) a premium of approximately 29.5% over the Group's audited consolidated net asset per Share of approximately HK\$1.707 each based on the Group's audited consolidated net assets of approximately HK\$531.5 million as at 31 March 2009 and 311,403,000 Shares in issue as at the Latest Practicable Date;
- (g) a premium of approximately 26.3% over the Group's unaudited net asset per Share of approximately HK\$1.750 based on the Group's unaudited consolidated net assets of approximately HK\$545.0 million as at 30 June 2009 and 311,403,000 Shares in issue as at the Latest Practicable Date; and
- (h) a premium of approximately 39.9% over the closing price of HK\$1.580 per share as quoted on the Stock Exchange on the Latest Practicable Date.

Shareholders who received the Special Dividend of HK\$0.92 per Share and who opt to accept the General Offer in full can receive the Total Benefit of HK\$2.21 per Share.

#### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$3.60 per Share on 4 August 2009 and HK\$1.34 per Share on 28 October 2008.

#### **Dealings in the Shares and other securities by the Offeror during the Relevant Period**

Save for the 203,431,896 Shares acquired by the Offeror pursuant to the Share Purchase Agreement, none of the Offeror, its directors, its beneficial owners and parties acting in concert with any of them had dealt in or owned any Shares or any other securities of the Company convertible into Shares, including options, warrants, derivatives or subscription rights during the Relevant Period.

#### **Arrangements relating to the General Offer**

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the General Offer. There is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the General Offer.

#### **Total consideration**

On the basis of 311,403,000 Shares in issue as at the Latest Practicable Date, the General Offer based on the Offer Price values the equity value of the Company at HK\$401,709,870. Assuming that the General Offer is accepted in full by the Shareholders and on the basis that there are

107,971,104 Disinterested Shares as at the Latest Practicable Date, the total amount of cash required to effect the General Offer will be approximately HK\$139,282,724. Assuming all Optionholders exercised their 1,966,000 outstanding Options and the General Offer is accepted in full by the Shareholders (including the Optionholders who have exercised their Options) and on the basis that there will be 109,937,104 Disinterested Shares, the total amount of cash required to effect the General Offer will be approximately HK\$141,818,864.

### **Financial resources**

If all the outstanding Options are exercised, which would increase the number of Shares in issue from 311,403,000 to 313,369,000, Teamsun will finance the General Offer by a loan facility of up to a maximum amount of HK\$150,000,000 provided by the Bank of Communications which is an independent third party not being a connected person of the Company. The payment of interest on, repayment of or security for any liability under the aforesaid facility will not depend on the Remaining Business. DTCFL is satisfied that sufficient financial resources are available to Teamsun to satisfy the full acceptance of the General Offer.

### **Effects of accepting the General Offer**

By accepting the General Offer, the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims and Encumbrances and with all rights attached to them as at the Completion Date, including the right to receive all dividends and distributions (except the Special Dividend) declared, paid or made, if any, on or after the Completion Date.

### **Stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptances of the General Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the greater of (i) the consideration payable by the Offeror in respect of the relevant acceptance; and (ii) the market value of the Shares, whichever is higher, will be payable by the Shareholders who accept the General Offer and will be deducted from the consideration payable to such Shareholders. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Shareholders in respect of the Shares accepted under the General Offer.

No Hong Kong stamp duty is payable in connection with the acceptances of the Option Offer.

### **Payment**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 10 days of the date of receipt of a duly completed acceptance.

### **Compulsory acquisition**

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares after the close of the General Offer.

## **INFORMATION ON THE COMPANY**

Details of the information on the Company are set out in the letter from the Board on pages 22 to 26 to this document.

## **INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES**

The Offeror is a company incorporated in Hong Kong under the Companies Ordinance on 19 April 2004 with limited liability. The sole director of the Offeror is Mr. Wang Weihang. The Offeror is a direct wholly-owned subsidiary of and ultimately controlled by Beijing Teamsun, a joint stock