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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

CONNECTED TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE COMPANY

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 25th October 2017, ASL Softwing (a wholly owned subsidiary of the Company), Teamsun, Pansky Tech and BJ Hongqiao entered into the JV Agreement to establish the JV Company in Beijing, the PRC. Pursuant to the JV Agreement, the total registered capital of the JV Company will be RMB100,000,000 (equivalent to approximately HK\$117,300,000), which will be contributed and held as to 70% by Teamsun (i.e. RMB70,000,000), 10% by Pansky Tech (i.e. RMB10,000,000), 10% by BJ Hongqiao (i.e. RMB10,000,000) and 10% by ASL Softwing (i.e. RMB10,000,000). The parties will make contribution to the registered capital of the JV Company in cash.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hong Kong Teamsun directly holds 379,390,763 Shares, representing 56.58% of the issued share capital of the Company. Accordingly, Hong Kong Teamsun is the direct controlling shareholder of the Company and therefore it is a connected person of the Company under the Listing Rules. Teamsun and Pansky Tech is the holding company and the fellow subsidiary of Hong Kong Teamsun, respectively, and are associates of Hong Kong Teamsun, and therefore they are connected persons of the Company under the Listing Rules. The formation of the JV Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the formation of the JV Company exceed 0.1% but are less than 5%, the formation of the JV Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

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THE JV AGREEMENT

The principal terms of the JV Agreement are summarised as follows:

Date: 25th October 2017

Parties:

- (1) ASL Softwing, a wholly-owned subsidiary of the Company
- (2) Teamsun, the indirect controlling shareholder of the Company
- (3) Pansky Tech, a subsidiary of Teamsun
- (4) BJ Hongqiao, an independent third party

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BJ Hongqiao and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Proposed name of the JV Company: Victorysoft Technology Ltd. (北京軟勝科技有限公司), a company to be incorporated under the laws of the PRC with limited liability

Intended scope of business: Subject to the final approval by the relevant company registration authority of the PRC, the intended scope of business of the JV Company will be technical consultation, technical services, technology promotion, technology transfer; organization of cultural and artistic exchange activities (excluding business performance); undertaking exhibition activities; enterprise planning and design; design, production, agency, publication of advertising; conference services; public relations services; data processing (except data processing in bank card center and cloud computing data center with PUE value above 1.5); computer system services; market research; corporate management consultation; education consultation (except agency services); economic and trade consultation; cultural consultation.

Registered capital of the JV Company: The registered capital of the JV Company is RMB100,000,000 (equivalent to approximately HK\$117,300,000).

Capital contribution: The total registered capital of the JV Company will be contributed and held as to 70% by Teamsun (i.e. RMB70,000,000), 10% by Pansky Tech (i.e. RMB10,000,000), 10% by BJ Hongqiao (i.e. RMB10,000,000) and 10% by ASL Softwing (i.e. RMB10,000,000). The parties will make contribution to the registered capital of the JV Company in cash.

Each party agrees that 5% of the capital contribution subscribed by each party respectively shall be remitted into the JV Company before 18th November 2017. The remaining amount of capital contribution subscribed by each party shall be remitted into the JV Company before 18th November 2019.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiation between the Parties having taken into account the expected capital requirements of the JV Company. It is contemplated that the capital contribution payable by the Company will be funded by internal resources of the Group. Save as disclosed above, the Company has no other capital commitment to the JV Company as at the date of this announcement.

Board composition and supervisor of JV Company: The board of directors of the JV Company shall consist of three directors, of which each director shall be nominated by Teamsun, Pansky Tech and BJ Hongqiao, respectively. The board of directors of the JV Company shall be chaired by the director nominated by Teamsun. The term of office of a director of the JV Company is three years, subject to re-election.

The supervisor of the JV Company will be nominated by ASL Softwing. The term of office of the supervisor of the JV Company is three years, subject to re-election.

Profit distribution: Profits of the JV Company will be shared among its shareholders in accordance with the respective shareholding in the JV Company.

Transfer restrictions: Each of the shareholders of the JV Company shall have a right of first refusal on any transfer of the shares held by a shareholder of the JV Company in the JV Company, on such terms offered by a bona fide purchaser to the shareholders of the JV Company proposing the transfer (except from the holding company of the shareholder of the JV Company).

As at the date of this announcement, the JV Company has not yet been established and thus has not commenced any business operations. As the Company will hold 10% equity interest in the JV Company, the JV Company will not be accounted for as a subsidiary of the Company and hence, it will not be included in the Group's consolidated financial statements.

INFORMATION ON THE GROUP

The Company is an investment holding company and provides corporate management services. The Group is principally engaged in the delivery of comprehensive one-stop IT services with core business in systems integration, maintenance support, managed services and applications development to clients across various industries (including but not limited to banking and financing, telecom, retail, transportation, education and government) mainly in Hong Kong and other locations (including Macau, mainland China, Thailand, Taiwan, the United States, Russia, Poland and Ukraine). At present, the Group is principally focusing on five key solutions and services pillars (i.e. infrastructure, security, data intelligence, mobile and cloud). Of the five key pillars that the Group is principally focusing on, infrastructure is the foundation of the Company and represents a legacy of 40 plus years of successful business operations in Hong Kong while security is the central key pillar to all the other four pillars of solutions and services, which is vital for the Group to deploy infrastructure and applications effectively.

ASL Softwing is a limited company incorporated in the Hong Kong and is a wholly-owned subsidiary of the Company. ASL Softwing is principally engaged in investment holding.

INFORMATION ON THE PARTIES TO THE JV AGREEMENT

Teamsun is a joint stock company with limited liability established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange of the PRC. Teamsun is an integrated IT service provider in the PRC, with business scope covering information technology product service, application software development, value-added distribution and system integration. Teamsun's headquarter is located in Beijing, with wholly-invested subsidiaries in the United States and Hong Kong, and branches all over the PRC. As at the date of this announcement, Teamsun is indirectly interested in 379,390,763 Shares, representing 56.58% of the issued share capital of the Company. Therefore, Teamsun is a controlling shareholder and a connected person of the Company under the Listing Rules.

Pansky Tech is a limited company established in the PRC and is a wholly owned subsidiary of Teamsun. Pansky Tech is principally engaged in professional services of solutions for IT consulting and planning, system integration, custom software development, maintenance and warranty, and outsourcing resource. Pansky Tech is the fellow subsidiary of Hong Kong Teamsun and is an associate of Hong Kong Teamsun, and therefore it is a connected person of the Company under the Listing Rules.

BJ Hongqiao is a limited company established in the PRC and is principally engaged in technology innovation, enterprise management consulting and training, technology finance, investment and financing services, technology research and development services.

REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANY

The JV Company will be principally engaged in the overall development of high-tech science parks (including planning and construction) and the corresponding innovation and technology industrial cooperation.

The Directors believe that the formation of the JV Company and its future business development will benefit the Group in terms of firmly grasping the opportunity for development of IT industry in mainland China, which will in turn expand and broaden the existing business scope of the Group.

The Directors (including independent non-executive Directors) are of the view that the JV Agreement and the formation of the JV Company are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of such transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios in respect of the formation of the JV Company exceed 0.1% but are less than 5%, the formation of the JV Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

As Mr. Wang Weihang is a shareholder, the chairman and president, a director of Teamsun and a director of certain subsidiaries of Teamsun (including Pansky Tech); Mr. Wang Yueou is a director of a subsidiary of Teamsun; Mr. Li Wei is a shareholder, a holder of restricted shares and a director of Teamsun and a director of certain subsidiaries of Teamsun; and Mr. Cui Yong is a holder of restricted shares of Teamsun, the executive vice president and the general manager of system information product (plate) division of Teamsun, and therefore they have abstained from voting on the relevant resolution of the Board approving the JV Agreement and the formation of the JV Company. Save as aforementioned, none of the other Directors has a material interest in the JV Agreement and the formation of the JV Company and hence no other Director has abstained from voting on such Board resolutions.

DEFINITIONS

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

“ASL Softwing”	ASL Softwing Investment Holdings Limited, which is a limited company incorporated in the Hong Kong and is a wholly owned subsidiary of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“BJ Hongqiao”	Beijing Hongqiao Technology Co., Ltd.* (北京弘橋科技有限公司), which is a limited company established in the PRC
“Board”	the board of Directors
“Company”	Automated Systems Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 771)
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	the 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
“Hong Kong Teamsun”	Teamsun Technology (HK) Limited, a limited company incorporated in Hong Kong, which is the controlling shareholder of the Company
“IT”	information technology
“JV Agreement”	the agreement dated 25th October 2017 entered into among Teamsun, Pansky Tech, BJ Hongqiao and ASL Softwing in relation to the formation of the JV Company
“JV Company”	a company to be incorporated under the laws of the PRC with limited liability pursuant to the JV Agreement and proposed to be named Victorysoft Technology Ltd. (北京軟勝科技有限公司)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Pansky Tech”	Pansky Technology Corporation Ltd. (長天科技有限公司), which is a limited company established in the PRC and is a wholly owned subsidiary of Teamsun

“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Teamsun”	Beijing Teamsun Technology Co., Ltd. (北京華勝天成科技股份有限公司), a joint stock company with limited liability established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange of the PRC (stock code: 600410)

For the purposes of this announcement, the exchange rate of RMB1.00 = HK\$1.173 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
Automated Systems Holdings Limited
Ngan Wai Hing
Company Secretary

Hong Kong, 25th October 2017

As at the date of this announcement, the Board comprises Mr. Wang Weihang and Mr. Wang Yueou being Executive Directors; Mr. Li Wei and Mr. Cui Yong being Non-Executive Directors; and Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Or Siu Ching, Rerina being Independent Non-Executive Directors.

**for identification purpose only*