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## **AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 771)**

### **DISPOSAL MANDATE IN RELATION TO THE FUTURE DISPOSAL OF GDH SHARES**

#### **POSSIBLE MAJOR TRANSACTION**

##### **SUMMARY**

Reference is made to the announcement made by the Company on 10th March 2021 in relation to an intended partial disposal of GDH Shares (“**Intended Disposal**”) and public offering by GDH (“**Offering**”). As at the date of this announcement, the registration statement on Form S-1 filed by GDH has not been effective. The number of GDH Shares offered by GDD on a secondary basis in the Offering has not been finalized yet. There is no assurance that the Offering will proceed.

As at 28th February 2021, the Group, through GDD, held 19,490,295 GDH Shares, representing approximately 36.2% of the total issued and outstanding GDH Shares. Depending on prevailing market conditions and subject to any contractual selling restrictions, the Group may from time to time in the future dispose of GDH Shares up to the number of the Approved Sale Shares to realize its investments in GDH (“**Future Disposal**”), which includes but is not limited to the Intended Disposal.

The Company proposes to seek from its Shareholders the Disposal Mandate subject to certain parameters, including the maximum number of GDH Shares to be disposed of, mandate period and minimum selling price. The Disposal Mandate provides flexibility with the Group to act promptly, effectively and efficiently to dispose of its GDH Shares at the appropriate time and at the appropriate prices in order to maximise the return to the Group.

The Disposal Mandate may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Future Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal Mandate. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained a written approval from the Approving Shareholder (which holds approximately 67.85% of the issued share capital of the Company as at the date of this announcement) in lieu of holding a general meeting of the Company to approve the Disposal Mandate.

There is no assurance that the Company will proceed with the Future Disposal within any particular time frame after obtaining the Disposal Mandate or at all. Whether and when the

Company will embark on the Future Disposal depends on a number of factors including the then prevailing market prices and market conditions at the relevant time.

## **CIRCULAR**

A circular containing further information on the Disposal Mandate will be despatched to the Shareholders as soon as possible, which is expected to be on or before 26th April 2021.

## **FUTURE DISPOSAL OF GDH SHARES MAY CONSTITUTE A MAJOR TRANSACTION**

Reference is made to the announcement made by the Company on 10th March 2021 in relation to the Intended Disposal and the Offering. As at the date of this announcement, the registration statement on Form S-1 filed by GDH has not been effective. The number of GDH Shares offered by GDD on a secondary basis in the Offering has not been finalized yet. There is no assurance that the Offering will proceed.

As at 28th February 2021, the Group, through GDD, held 19,490,295 GDH Shares, representing approximately 36.2% of the total issued and outstanding GDH Shares. Depending on prevailing market conditions and subject to any contractual selling restrictions, the Group may from time to time in the future dispose of GDH Shares up to the number of the Approved Sale Shares to realize its investments in GDH, which includes but is not limited to the Intended Disposal.

Given the volatility of the stock market, disposing shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of such GDH Shares.

To allow flexibility in effecting the Future Disposal at appropriate occasions, the Company proposes to seek from its Shareholders the Disposal Mandate subject to certain parameters, including the maximum number of GDH Shares to be disposed of, mandate period and minimum selling price as set out below. There is no assurance that the Company will proceed with the Future Disposal within any particular time frame after obtaining the Disposal Mandate or at all. Whether and when the Company will embark on the Future Disposal depends on a number of factors including the then prevailing market prices and market conditions at the relevant time.

The Disposal Mandate may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL MANDATE**

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

### **1. Mandate Period**

The Disposal Mandate shall last for a period of 12 months from the date of the written approval of the Approving Shareholder.

### **2. Maximum Number of GDH Shares to be Disposed**

The Disposal Mandate authorizes and empowers the Board to sell up to 7,900,000 GDH Shares or such other number of GDH Shares disposal of which will not make any applicable

percentage ratio equals or exceeds 75% (whichever is lower), i.e. the number of Approved Sale Shares.

### **3. Scope of Authority**

The Board is authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Future Disposal, including but not limited to the number of batches of disposals, the number of GDH Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether through Secondary Public Offering(s) or sales in the open market), the target purchasers, and the selling price (subject to the minimum selling price set out in paragraph 5 below).

### **4. Manner of Disposal**

Apart from disposal in the open market at market price on the NASDAQ, the Company may also dispose of the Approved Sale Shares during the mandate period through Secondary Public Offering(s) by entering into underwriting agreement(s) with reputable investment banks as underwriters. The terms and conditions of such Secondary Public Offering(s) will be negotiated on an arms' length basis.

### **5. Minimum Selling Price**

Whether the disposal is made in the open market at market price or through Secondary Public Offering(s), the minimum selling price per Approved Sale Share shall not be less than US\$12.

### **6. Capital Changes of GDH**

If and when there shall be any Capital Changes of GDH, the number of Approved Sale Shares shall be adjusted accordingly and the minimum selling price per Approved Sale Share shall be adjusted by multiplying US\$12 by the total number of GDH Shares in issue immediately before the Capital Changes and divided by the total number of GDH Shares in issue immediately thereafter. If and when there shall be an issue of GDH Shares to GDD by way of a rights issue during the mandate period, the number of Approved Sale Shares shall be adjusted to include such new GDH Shares issued.

The minimum selling price of US\$12 per Approved Sale Share was determined with reference to the initial cost of GDH Share. The Company considers that the minimum selling price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the Approved Sale Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

It is expected that the purchasers of the Approved Sale Shares and their respective ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). In the event that any purchaser of the Approved Sale Shares is a connected person of the Company, the Company will strictly comply with the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE COMPANY AND THE PARTIES**

### ***The Company***

The Company is an investment holding company with its subsidiaries principally engaging in the business of information technology (“IT”) and is one of the leading and professional IT service providers in Hong Kong. The Group’s core business is based in Hong Kong and Macau and covers Asia Pacific, Europe and the United States. It is dedicated to offering professional and trustworthy IT services to global corporate clients.

### ***GDD***

GDD is an investment holding company incorporated in the State of Delaware of the United States and is an indirect wholly-owned subsidiary of the Company.

### ***GDH***

GDH is a company incorporated in Delaware and listed on NASDAQ (ticker: GDYN). As at the date of this announcement, GDH was an associate of the Company. GDH is a digital-native technology services provider that accelerates growth and bolsters competitive advantage for Fortune 1000 companies. GDH provides digital transformation consulting and implementation services in omnichannel customer experience, big data analytics, search, artificial intelligence, cloud migration, and application modernization. GDH achieves high speed-to-market, quality, and efficiency by using technology accelerators, an agile delivery culture, and its pool of global engineering talent. Founded in 2006, GDH is headquartered in Silicon Valley with offices across the United States, Western, Central, and Eastern Europe.

Set out below is the extracted consolidated financial information of GDH for the two financial years ended 31 December 2019 and 31 December 2020 based on the United States Generally Accepted Accounting Principle:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Net profit / (loss) before taxation	15,449 (approximately HK\$119,730)	(15,212) (approximately HK\$(117,893))
Net profit / (loss) after taxation	10,807 (approximately HK\$83,754)	(12,599) (approximately HK\$(97,642))

The net asset value of GDH was approximately US\$167 million (approximately HK\$1,294 million) as at 31 December 2020.

### **REASONS FOR AND BENEFITS OF THE FUTURE DISPOSAL AND THE DISPOSAL MANDATE**

The Future Disposal will enable the Company to realize profits of its investment in GDH and to re-allocate resources for other reinvestment opportunities when they arise. The Disposal Mandate will allow flexibility in effecting the Future Disposal at appropriate times and prices in order to maximize the return to the Group.

The Directors (including independent non-executive Directors) are of the view that the Future Disposal and the terms of the Disposal Mandate are fair and reasonable. The Board considers that the Future Disposal represents a good opportunity to increase the cash flow of the Group. The Board is also of the view that the Future Disposal will be conducted in the best interest of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE FUTURE DISPOSAL**

As a result of the Future Disposal, assuming all Approved Sale Shares are sold at the minimum selling price of US\$12 per Approved Sale Share, the Board considers the Group will realise a book gain of approximately US\$7 million, being the difference between the consideration expected to be received from the Future Disposal and the carrying value of the Approved Sale Shares as at 31st December 2020 (before deducting tax and related expenses).

If all 7,900,000 GDH Shares are sold under the Disposal Mandate, GDH will be indirectly owned by the Company as to approximately 21.5% and will remain an associate of the Company.

## **USE OF PROCEEDS FROM THE FUTURE DISPOSAL**

The Company intends to utilize all the net proceeds from the Future Disposal for any other investment or general working capital purpose.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Disposal Mandate exceeds 25% but is less than 75%, the Disposal Mandate may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Future Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal Mandate. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained a written approval from the Approving Shareholder (which holds approximately 67.85% of the issued share capital of the Company as at the date of this announcement) in lieu of holding a general meeting of the Company to approve the Disposal Mandate.

## **DEFINITIONS**

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

“Approving Shareholder”	Teamsun Technology (HK) Limited
“Approved Sale Shares”	the maximum number of 7,900,000 GDH Shares or such other number of GDH Shares disposal of which will not make any applicable percentage ratio equals or exceeds 75% (whichever is lower)
“Board”	the board of Directors
“Capital Changes”	an alteration to the nominal value of the GDH Shares as a result of consolidation, subdivision or reclassification, or an issue of

GDH Shares to GDD by way of capitalization of profits or reserves or by way of a scrip dividend during the mandate period

“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)
“Directors”	the directors of the Company
“Disposal Mandate”	The 12-month mandate to be granted by the Shareholders to the Directors for the Future Disposal
“Future Disposal”	disposal of any of the Approved Sale Shares by GDD
“GDD”	GDD International Holding Company, a corporation incorporated in the State of Delaware of the United States, an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“GDH”	Grid Dynamics Holdings, Inc., a corporation incorporated in the State of Delaware of the United States and listed on Nasdaq (ticker symbol: GDYN), an associate of the Company as at the date of this announcement
“GDH Share(s)”	common stock in GDH
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Intended Disposal”	the intended partial disposal of GDH Shares by GDD, which has not yet been finalized, details of which are set out in the announcement of the Company dated 10th March 2021
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Secondary Public Offering”	a secondary or follow-on public offering in which GDD will enter into an underwriting agreement with reputable investment bank(s) as underwriter(s) pursuant to which GDD agrees to sell and the underwriter(s) agree to purchase the target shares and market the same to the public
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States

“%”

per cent

*For the purposes of this announcement, the exchange rate of US\$1.00 = HK\$7.75 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, 31st March 2021

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