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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

**POSSIBLE DISCLOSEABLE TRANSACTION
AND
CONNECTED TRANSACTIONS IN RELATION TO
GRANT OF RESTRICTED SHARE UNITS AND OPTIONS
UNDER THE EMPLOYEE SHARE OWNERSHIP PLAN OF A SUBSIDIARY**

ADOPTION OF THE SCHEME

The Board is pleased to announce that on 10th July 2013, the Board resolved to adopt the Scheme under which Scheme Participants comprising key executives of i-Sprint, an indirect wholly-owned subsidiary of the Company, will be granted Awards in respect of an aggregate of up to 49,962,192 existing i-Sprint Shares (representing 30% of the issued share capital of i-Sprint as at the date of this announcement).

THE GRANTS

Upon the commencement of the Scheme on 15th July 2013, certain Awards were granted to certain Scheme Participants including Mr. Leung (an executive Director, the chairman and a director of i-Sprint, and a director of certain wholly-owned subsidiaries of i-Sprint), Mr. Ching (a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint) and Mr. Chia (a director of certain wholly-owned subsidiaries of i-Sprint). The number of Awards granted is as follows:

<i>Grantees</i>	<i>RSU</i>	<i>% of the issued share capital of i-Sprint</i>	<i>Option</i>	<i>% of the issued share capital of i-Sprint</i>
Mr. Leung	8,327,032	5.00%	-	-
Mr. Ching	6,661,626	4.00%	-	-
Mr. Chia	-	-	999,244	0.60%
Other Scheme Participants	7,993,951	4.80%	14,322,495	8.60%
Total	22,982,609	13.80%	15,321,739	9.20%

The Grants are subject to the terms and conditions under the Scheme.

The Grantees of the RSUs will not be required to pay any consideration to the Group while the Grantees of the Options shall pay SGD1 to the Group upon accepting the Options and the exercise price per i-Sprint Share to the Group upon exercise of their rights under the Options. Based on the acquisition cost paid by the Group for the entire equity interest in i-Sprint in 2011 of SGD6.80 million (equivalent to approximately HK\$42.38 million) (as supplemented in 2012) and taking into account the financial performance of the i-Sprint Group in 2012, the exercise price of the Options granted above is set at SGD0.046 (equivalent to approximately HK\$0.287) per i-Sprint Share.

Assuming that all the RSUs granted to Mr. Leung and Mr. Ching are vested and the Options granted to Mr. Chia are vested and exercised, each of them will become interested in approximately 5.00%, 4.00% and 0.60% of the issued share capital of i-Sprint respectively.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules because the Awards do not carry with them any options over new shares of the Company or its subsidiaries.

The grant of the Awards under the Scheme constitutes a possible disposal by the Group of its interest in i-Sprint. As one of the applicable percentage ratios of the grant of the Awards under the Scheme is more than 5% but less than 25%, the grant of the Awards under the Scheme constitutes a possible discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Leung is an executive Director, the chairman and a director of i-Sprint, and a director of certain wholly-owned subsidiaries of i-Sprint, Mr. Ching is a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint, and Mr. Chia is a director of certain wholly-owned subsidiaries of i-Sprint, Mr. Leung, Mr. Ching, and Mr. Chia are connected persons of the Company under the Listing Rules and the Grants constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Grant to Mr. Leung exceed 0.1% but are less than 5%, the Grant to Mr. Leung is subject to the reporting and announcement requirement but exempt from independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

As the applicable percentage ratios of the Grants to each of Mr. Ching and Mr. Chia are less than 1%, and Mr. Ching is only a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint while Mr. Chia is only a director of certain wholly-owned subsidiaries of i-Sprint, the Grants to Mr. Ching and Mr. Chia are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules.

The Company shall comply with applicable Listing Rules requirements in relation to the vesting or expiry of the Grants, the future grant of Awards and in the event that ASL Security exercises the repurchase rights under the Scheme as and when appropriate.

INTRODUCTION

The Board is pleased to announce that on 10th July 2013, the Board resolved to adopt the Scheme under which Scheme Participants comprising key executives of i-Sprint, an indirect wholly-owned subsidiary of the Company, will be granted Awards in respect of an aggregate of up to 49,962,192 existing i-Sprint Shares (representing 30% of the issued share capital of i-Sprint as at the date of this announcement) currently held by ASL Security. Upon the commencement of the Scheme on 15th July 2013, certain Awards were granted to certain Scheme Participants including Mr. Leung (an executive Director, the chairman and a director of i-Sprint, and a director of certain wholly-owned subsidiaries of i-Sprint), Mr. Ching (a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint) and Mr. Chia (a director of certain wholly-owned subsidiaries of i-Sprint).

Details of the Scheme and the Grants are set out below.

PRINCIPAL TERMS OF THE SCHEME

The Awards

The Awards to be granted under the Scheme are in respect of an aggregate of up to 49,962,192 existing i-Sprint Shares (representing approximately 30% of the existing issued share capital of i-Sprint). The Awards are to be granted in the form of:

- (i) RSUs, which are i-Sprint Shares denominated in units conferring rights to the Grantee(s) to receive existing i-Sprint Shares when the RSUs are vested at no consideration but subject to the i-Sprint Group achieving certain specified financial performance targets during the three years ending 31st December 2014, the fulfillment of the respective vesting conditions in the Scheme and all the terms specified in the Scheme; and/or
- (ii) Options, which confer rights to the Grantee(s) to elect, at his/her/their discretion, to acquire existing i-Sprint Shares at an exercise price per i-Sprint Share to be determined by the Board but subject to the i-Sprint Group achieving certain specified financial performance targets during the three years ending 31st December 2014, the fulfillment of the respective vesting conditions in the Scheme and all the terms specified in the Scheme. The exercise price shall be payable by the Grantee(s) in cash or by cheque to i-Sprint upon exercise of the Options. The rights under the Options are exercisable after the vesting period as mentioned below until the expiry of the Scheme.

The Awards comprise an aggregate of up to 26,979,584 RSUs (representing approximately 16.2% of the existing issued share capital of i-Sprint) and 22,982,608 Options (exercisable into approximately 13.8% of the existing issued share capital of i-Sprint) respectively.

No Grantee shall enjoy any rights of a shareholder of i-Sprint by virtue of the grant of an Award under the Scheme, unless and until the underlying i-Sprint Shares are actually transferred to the Grantee upon the vesting and/or exercise of such Awards.

All Awards granted shall not be pledged, transferred or sold in anyway whatsoever.

Scheme Participants

Only the chairman, chief executive officer, chief operation officer and employees of i-Sprint will be eligible for the Scheme. The Scheme Participants consist of founding executives, key executives and employees of i-Sprint who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of the i-Sprint Group.

Vesting conditions

All Awards granted will become vested subject to the i-Sprint Group achieving certain specified financial performance targets during the three years ending 31st December 2014. Subject to the fulfillment of the respective vesting conditions, all the Awards will be vested by 1st May 2016.

Upon a change of ownership of i-Sprint or an initial public offering of i-Sprint Shares, all unvested RSUs and Options (with which the condition relating to specified financial performance targets of the i-Sprint Group having fulfilled) will vest immediately. The Grantees shall have the right to exercise their Options within 14 days being notified of the abovementioned event, and all unexercised Options will be forfeited thereafter.

Ownership requirement

The Grantees shall hold the i-Sprint Shares receivable under the Scheme for the minimum period stated below:

<i>RSUs and Options</i>	<i>Percentage of i-Sprint Shares subject to lock up</i>
6 months from vesting	100%
1 year from vesting	75%
2 years from vesting	50%
3 years from vesting	25%

Lapse of Awards and buy-back arrangement

All Awards will lapse in the event of (i) resignation of employment of the Grantees on or before vesting; (ii) termination of employment of the Grantees due to misconduct, insolvency, conviction of criminal offences of the Grantees; and (iii) the expiry of the Scheme.

ASL Security reserves the right to repurchase, at its discretion, the i-Sprint Shares from Grantee(s) who resign(s) from or is(are) terminated by the i-Sprint Group at the respective exercise price of the Options in the event i-Sprint remains a private company. Where ASL Security exercises the right to repurchase the i-Sprint Shares from Grantee(s) who resign(s) from or is(are) terminated by the i-Sprint Group, the Company shall comply with applicable Listing Rules requirements as and when appropriate.

Duration and termination of the Scheme

The Scheme will be valid and effective for a period of seven years commencing on 15th July 2013 and expiring on 14th July 2020. After such period, no Awards shall be granted but the provisions mentioned under the Scheme shall remain in full force and effect in all other respects.

Acceptance

The RSU shall be deemed to have been accepted by the Grantee at no cost upon the execution of the acceptance letter of the grant letter of the RSU within 28 calendar days from the date of grant. The Option shall be deemed to have been accepted by the Grantee upon the execution of the acceptance letter of the grant letter of the Option with a remittance of SGD1 to i-Sprint also within 28 calendar days from the date of grant.

THE GRANTS

Upon the commencement of the Scheme, certain Awards were granted to certain Scheme Participants including Mr. Leung, Mr. Ching and Mr. Chia. As at the date of this announcement, each of Mr. Leung, Mr. Ching and Mr. Chia does not hold any shares of the Company or i-Sprint. Mr. Leung holds share options granted under the share option scheme of the Company adopted on 8th August 2002, entitling him to subscribe for 510,000 shares in the Company during the period from 19th March 2013 to 18th March 2022 at an exercise price of HK\$1.09 per share and 510,000 shares in the Company during the period from 2nd May 2013 to 1st May 2022 at an exercise price of HK\$1.12 per share. Save for the aforesaid, to the best of the Directors' knowledge, information and beliefs having made all reasonable enquiries, other Scheme Participants are third parties independent of the Company and its connected persons. The number of Awards granted is as follows:

<i>Grantees</i>	<i>RSU</i>	<i>% of the issued share capital of i-Sprint</i>	<i>Option</i>	<i>% of the issued share capital of i-Sprint</i>
Mr. Leung	8,327,032	5.00%	-	-
Mr. Ching	6,661,626	4.00%	-	-
Mr. Chia	-	-	999,244	0.60%
Other Scheme Participants	7,993,951	4.80%	14,322,495	8.60%
Total	22,982,609	13.80%	15,321,739	9.20%

The Grants are subject to the terms and conditions under the Scheme.

The Grantees of the RSUs will not be required to pay any consideration to the Group while the Grantees of the Options shall pay SGD1 to the Group upon accepting the Options and the exercise price per i-Sprint Share in cash or by cheque to the Group upon exercise of their rights under the Options. Based on the acquisition cost paid by the Group for the entire equity interest in i-Sprint in 2011 of SGD6.80 million (equivalent to approximately HK\$42.38 million) (as supplemented in 2012) and taking into account the financial performance of the i-Sprint Group in

2012, the exercise price of the Options granted above is set at SGD0.046 (equivalent to approximately HK\$0.287) per i-Sprint Share. The exercise price of the Options to be granted under the Scheme may subject to changes.

Assuming all the Options granted above and to be granted are vested and exercised and based on the exercise price of SGD0.046 (equivalent to approximately HK\$0.287) per i-Sprint Share, the Group will receive an aggregate consideration of approximately SGD1.06 million (equivalent to approximately HK\$6.61 million) in cash or by cheque from the Grantees which will be utilised as general working capital of the Group.

Assuming that all the RSUs granted to Mr. Leung and Mr. Ching are vested and the Options granted to Mr. Chia are vested and exercised, each of them will become interested in approximately 5.00%, 4.00% and 0.60% of the issued share capital of i-Sprint respectively.

INFORMATION ON i-SPRINT

The Company is an investment holding company with its subsidiaries principally engaged in the provision of information technology products and services. The i-Sprint Group is principally engaged in the business of developing, distributing, implementing and supporting technology risk management products. These products are suitable for financial and insurance institutions and corporations with high security demand environments that require credential and assess management solutions globally. The entire equity interest in i-Sprint was acquired by the Group in 2011 at the consideration of SGD6.80 million (equivalent to approximately HK\$42.38 million) (as supplemented in 2012) (details of which were disclosed in the announcements of the Company dated 28th March 2011, 31st March 2011 and 8th November 2012 respectively).

Set out below are the audited financial results of the i-Sprint Group for the two years ended 31st December 2012:

	For the year ended 31st December			
	2012		2011	
	(SGD'000)	(HK\$'000)	(SGD'000)	(HK\$'000)
Profit before taxation	286.75	1,787.31	649.88	4,050.70
Profit for the year	235.90	1,470.36	612.74	3,819.21

As at 31st December 2012, the consolidated net asset value of the i-Sprint Group was approximately SGD1.69 million (equivalent to approximately HK\$10.53 million).

Assuming all the Awards have been granted and vested and all the Options have been exercised, i-Sprint will become a 70%-owned subsidiary of the Company. No new i-Sprint Shares will be allotted and issued to the Scheme Participants.

FINANCIAL EFFECTS

As a result of granting the Awards, the Company will record an expense, which is to be determined by reference to the fair value of the Awards granted at the date of grant and is expensed on a straight-line basis over the vesting period of the Awards or recognised as an expense in full at the date of grant when Awards granted are vested immediately, with a corresponding increase in equity (share-based payment reserve) of the Company.

At the end of each balance sheet date, the i-Sprint Group revises its estimates of the number of Awards that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in the income statement, with a corresponding adjustment to share-based payment reserve.

When Awards are forfeited or lapsed after the vesting date or are still not exercised at the expiry dates, the amount previously recognised in share-based payment reserve will be transferred to retained earnings.

REASONS FOR AND BENEFITS OF THE SCHEME AND THE GRANTS

The objectives of the Scheme is to provide Scheme Participants with incentives to achieve the target revenue growth and profitability according to the business plan of the i-Sprint Group and to retain them for the continual operations and development of the Group, and attract suitable personnel for the growth and further development of the Group. The Scheme involves existing i-Sprint Shares and the Board hopes to encourage employees of the Group to have, through Awards under the Scheme, a direct financial interest in and thereby creating a sense of ownership for the key personnel of the i-Sprint Group. The Awards serve to align the interest of the Scheme Participants and the Group in i-Sprint without causing any immediate dilution to the Group's interest in i-Sprint during the course of achievement of the target performance. The RSUs are intended to be granted to founding executives of i-Sprint whom the Board considers to have significant contribution to the past and future development of the business of the i-Sprint Group.

The Directors, including the independent non-executive Directors, are of the view that the adoption of the Scheme and the Grants are in the interest of the Company and its shareholders as a whole, and the terms of the Grants are fair and reasonable so far as the independent shareholders of the Company are concerned.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules because the Awards do not carry with them any options over new shares of the Company or its subsidiaries.

The grant of the Awards under the Scheme constitutes a possible disposal by the Group of its interest in i-Sprint. As one of the applicable percentage ratios of the grant of the Awards under the Scheme is more than 5% but less than 25%, the grant of the Awards under the Scheme constitutes a possible discloseable transaction of the Company and is subject to reporting and

announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Leung is an executive Director, the chairman and a director of i-Sprint, and a director of certain wholly-owned subsidiaries of i-Sprint, Mr. Ching is a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint, and Mr. Chia is a director of certain wholly-owned subsidiaries of i-Sprint, Mr. Leung, Mr. Ching and Mr. Chia are connected persons of the Company under the Listing Rules and the Grants constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Grant to Mr. Leung exceed 0.1% but are less than 5%, the Grant to Mr. Leung is subject to the reporting and announcement requirement but exempt from independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules.

As the applicable percentage ratios of the Grants to each of Mr. Ching and Mr. Chia are less than 1%, and Mr. Ching is only a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint while Mr. Chia is only a director of certain wholly-owned subsidiaries of i-Sprint, the Grants to Mr. Ching and Mr. Chia are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules.

As Mr. Leung is materially interested in the Grant, he had abstained from voting on the Board resolution for approving the Grant. Save for the above, the Directors have confirmed that so far as they are aware, no other Directors has a material interest in the Scheme and the Grants who is required to abstain from voting on the Board resolution for approving the Scheme and the Grants.

The Company shall comply with applicable Listing Rules requirements in relation to the vesting or expiry of the Grants, the future grant of Awards and in the event that ASL Security exercises the repurchase rights under the Scheme as and when appropriate.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“ASL Security”	ASL Security Solutions Limited, a wholly-owned subsidiary of the Company and the intermediate holding company of i-Sprint
“Award(s)”	the award(s) being granted to the Scheme Participants under the Scheme in the form of RSU and/or Option
“Board”	the board of Directors
“Company”	Automated Systems Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 771)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Grantee(s)”	the Scheme Participant(s) who has/have been granted the Awards
“Grant(s)”	the grant(s) of the respective Awards to Mr. Leung, Mr. Ching and Mr. Chia on 15th July 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“i-Sprint”	i-Sprint Innovations Pte Ltd, a private company limited by shares in Singapore and an indirect wholly-owned subsidiary of the Company
“i-Sprint Group”	i-Sprint and its subsidiaries
“i-Sprint Share(s)”	the issued ordinary share(s) of i-Sprint
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chia”	Mr. Chia Soon Fatt, a director of certain wholly-owned subsidiaries of i-Sprint
“Mr. Ching”	Mr. Ching Wai Keung, a director of i-Sprint and a director of certain wholly-owned subsidiaries of i-Sprint
“Mr. Leung”	Mr. Leung Tat Kwong, Simon, an executive Director, the chairman and a director of i-Sprint, and a director of certain wholly-owned subsidiaries of i-Sprint
“Option(s)”	the option(s) to be granted to Scheme Participant(s) under the Scheme conferring rights to acquire existing i-Sprint Share(s)
“RSU(s)”	the restricted share unit(s) to be granted to Scheme Participants under the Scheme conferring rights to receive i-Sprint Share(s)
“Scheme”	the employee share ownership plan of i-Sprint adopted by the Board on 10th July 2013
“Scheme Participant(s)”	certain person(s) and employee(s) of i-Sprint who will be eligible to participate in the Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“SGD”	Singapore dollar, the lawful currency of Singapore
“%”	per cent.

For the purpose of illustration only, amounts denominated in SGD in this announcement have been translated into HK\$ at the rate of SGD1= HK\$6.233. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By Order of the Board
Automated Systems Holdings Limited
Chan Chung Lei, Joan
Company Secretary

Hong Kong, 15th July 2013

As at the date of this announcement, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Hui Wing Choy, Henry and Mr. Leung Tat Kwong, Simon being Executive Directors; Mr. Hu Liankui and Mr. Wang Weihang being Non-Executive Director; and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being Independent Non-Executive Directors.