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

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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**AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 771)**

**PROPOSALS FOR  
(1) ADOPTION OF SHARE OPTION SCHEME BY A SUBSIDIARY;  
(2) GRANT OF SHARE OPTIONS UNDER SHARE OPTION SCHEME  
BY A SUBSIDIARY BEYOND SCHEME MANDATE LIMIT;  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the SGM of Automated Systems Holdings Limited to be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 21st December 2018 at 10:00 a.m. is set out on pages 27 to 28 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Hong Kong, 3rd December 2018

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## DEFINITIONS

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“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Code”	the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder
“Committee(s)”	the US compensation committee or other committee(s) of the GDI Board duly appointed to administer the GDI Share Option Scheme and having such powers as shall be specified by the GDI Board
“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(s)”	has the meaning ascribed thereto under the Listing Rules
“Consultant”	a person engaged to provide consulting or advisory services (other than as an Employee or a GDI Scheme Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude GDI from offering Options to such person pursuant to the GDI Share Option Scheme in compliance with applicable securities laws
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Date of Grant”	12th November 2018, being the date on which the Proposed Grant under the GDI Share Option Scheme would be conditionally approved by the Shareholders
“Directors”	director(s) of the Company or the Board, as the context may require
“Disability”	the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant’s position with the Participating Company Group because of the sickness or injury of the Participant
“Employee(s)”	any person treated as an employee (including an Officer or a GDI Scheme Director who is also treated as an employee) in the records of a Participating Company

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## DEFINITIONS

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“Fair Market Value”	as of any date, the value of a GDI Share or other property as determined by the GDI Board, in its discretion, or by GDI, in its discretion, if such determination is expressly allocated to GDI under the GDI Share Option Scheme, subject to the terms of the GDI Share Option Scheme as set out in the Appendix to this circular
“GDI”	Grid Dynamics International, Inc., a corporation incorporated in the State of California of the United States of America and an indirect wholly-owned subsidiary of the Company
“GDI Board”	the board of directors of GDI
“GDI Scheme Director”	a member of the GDI Board or of the board of directors of any other Participating Company
“GDI Share(s)”	common stock in GDI
“GDI Share Option Scheme”	the share option scheme of GDI approved by the GDI Board and to be approved by the Company (as indirect parent company of GDI) and the Shareholders, a summary of the principal terms of which is set out in the Appendix to this circular
“Grantee(s)”	the grantees of the GDI Share Option Scheme
“Group”	the Company and its subsidiaries
“Incentive Stock Option(s)”	an Option intended to be and which qualifies as an “incentive stock option” pursuant to section 422(b) of the Code <sup>NOTE 1</sup> and as specified in the Stock Option Agreement
“Independent Shareholder(s)”	Shareholders who are not the proposed Grantees (including the Relevant Grantees) and their respective associates
“Latest Practicable Date”	28th November 2018, being the latest practicable date prior to the printing of this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Nonstatutory Stock Option(s)”	an Option as specified in the Stock Option Agreement and which is not intended to be or which does not qualify as an Incentive Stock Option <sup>NOTE 1</sup>
“Officer(s)”	any person designated by the GDI Board as an officer of GDI

*NOTE 1:* The main difference between an Incentive Stock Option and a Nonstatutory Stock Option is that a U.S. Participant may receive more favorable tax treatment at the time of grant, exercise, and sale of GDI Shares received upon the exercise of an Incentive Stock Option, depending on the US Participant’s tax situation. An Incentive Stock Option must meet certain specific requirements to receive preferential tax treatment.

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## DEFINITIONS

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“Option(s)”	option(s) to subscribe for GDI Shares granted pursuant to the GDI Share Option Scheme, and which includes Incentive Stock Option or Nonstatutory Stock Option
“Participants”	Employees, Consultants and GDI Scheme Directors
“Participating Company”	GDI, its parent companies or subsidiaries
“Participating Company Group”	at any point in time, all entities collectively which are the Participating Companies
“Proposed Grant”	the proposed grant of Options under the GDI Share Option Scheme to the proposed Grantees (including the Relevant Grantees) to subscribe for an aggregate of up to 2,250,000 GDI Shares at an exercise price of US\$7.54 per GDI Share
“Relevant Grantees”	Leonard Livschitz, Victoria Livschitz and Yury Gryzlov, who may be granted Options that exceed the Single Participant Limit and whose particulars are set out in the section headed “Proposed Grant of Options under the GDI Share Option Scheme” in this circular
“Scheme Mandate Limit”	the total number of GDI Shares which may be issued upon exercise of all Options to be granted under the GDI Share Option Scheme and any other schemes of GDI which, unless otherwise permitted under the Listing Rules, must not in aggregate exceed 10% of the GDI Shares in issue as at the date of the relevant resolution passed at a general meeting of the Company approving the GDI Share Option Scheme, as stipulated in Note 1 to Rule 17.03(3) of the Listing Rules
“Service”	a Participant’s employment or service with the Participating Company Group, whether in the capacity of an Employee, a GDI Scheme Director or a Consultant
“SGM”	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, 21st December 2018 at 10:00 a.m.
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Single Participant Limit”	the maximum entitlement of each Participant under the GDI Share Option Scheme stipulated in the Note to Listing Rule 17.03(4), namely, that the aggregate number of GDI Shares issued and to be issued upon exercise of the Options granted to such Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the GDI Shares in issue

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Option Agreement”	an agreement between GDI and a Participant setting forth the terms, conditions and restrictions of the Option granted to the Participant
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Ten Percent Shareholder”	a person who, at the time an Option is granted to such person, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company
“US” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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LETTER FROM THE BOARD

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**AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 771)**

*Executive Directors:*

Mr. Wang Weihang

Mr. Wang Yueou (*Chief Executive Officer*)

*Non-Executive Directors:*

Mr. Li Wei (*Chairman*)

Mr. Cui Yong

*Independent Non-Executive Directors:*

Mr. Pan Xinrong

Mr. Deng Jianxin

Ms. Or Siu Ching, Regina

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head Office and principal place of  
business in Hong Kong:*

15th Floor, Topsail Plaza

11 On Sum Street

Shatin

New Territories

Hong Kong

Hong Kong, 3rd December 2018

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
(1) ADOPTION OF SHARE OPTION SCHEME BY A SUBSIDIARY;  
(2) GRANT OF SHARE OPTIONS UNDER SHARE OPTION SCHEME BY A  
SUBSIDIARY BEYOND SCHEME MANDATE LIMIT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

GDI is an indirect wholly-owned subsidiary of the Company. It is proposed that GDI shall adopt the GDI Share Option Scheme pursuant to which GDI shall make the Proposed Grant to the Grantees in order to incentivize such Grantees for the benefit of GDI and, in turn, the Group.

The purpose of this circular is to give you notice of the SGM and to provide you with information in respect of the resolutions to be proposed at the SGM regarding the adoption of the GDI Share Option Scheme and the Proposed Grant.

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## LETTER FROM THE BOARD

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### 2. PROPOSED ADOPTION OF THE GDI SHARE OPTION SCHEME

#### A. The GDI Share Option Scheme

GDI does not currently have a share option scheme. The Board proposes to recommend to the Shareholders to approve the adoption of the GDI Share Option Scheme at the SGM. The GDI Share Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed “Conditions precedent to the adoption of the GDI Share Option Scheme” below have been fulfilled.

As at the Latest Practicable Date, there were a total of 12,000,000 issued GDI Shares and no options have been granted by GDI. Assuming that there is no change in the total number of issued GDI Shares during the period from the Latest Practicable Date up to the date of the SGM, should the GDI Share Option Scheme be adopted, the maximum number of GDI Shares which may be issued upon exercise of all Options to be granted under the GDI Share Option Scheme and any other share option schemes of GDI will be 1,200,000 pursuant to Rule 17.03(3) of the Listing Rules.

It is proposed that GDI shall grant a total of 2,250,000 Options exercisable into the same number of GDI Shares, representing 18.75% of the total number of issued GDI Shares as at the date of the SGM (assuming no change in the total issued GDI Shares from the Latest Practicable Date till then), being beyond the Scheme Mandate Limit. Accordingly, such grant would be subject to the approval of Shareholders at the SGM pursuant to Note 1 of Rule 17.03(3) of the Listing Rules.

Equity compensation, including provision of long-term stock based incentives to participants, is commonly done in the US among private as well as public companies. The GDI Share Option Scheme is proposed to be adopted by GDI to provide long-term incentive for the Participants to contribute to the growth of GDI and thereby increasing the value of GDI, maximizing its ability to benefit from possible equity financing in the future. The proposed size of grant being in excess of 10% is comparable to other US companies in the technology industry, same industry as that of GDI, and the Board believes that only offering comparable incentives can GDI continue to attract and retain top talent, and hence such grant would be in the best interests of GDI, the Company and its Shareholders as a whole.

#### **Reasons for adopting the GDI Share Option Scheme**

The purpose of the GDI Share Option Scheme is to reward Participants who formed GDI in 2006 and have contributed to the strategic definition of the business and also to encourage Participants to work towards enhancing the value of GDI and GDI Shares for the benefit of the Company and its Shareholders as a whole. The GDI Share Option Scheme expressly provides that the GDI Board may with respect to each grant of Options, determine the exercise price, the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the Options.



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## LETTER FROM THE BOARD

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The Directors believe that the GDI Share Option Scheme will accord the GDI Board flexibility in determining specific targets, parameters and conditions (including the minimum holding period, performance targets and exercise price of such options) to which the specific grant of Options may be subject on a case-by-case basis, will serve to protect the value of GDI and can promote alignment between the Participant and the aim of enhancing shareholders value through increase in the value of the GDI Shares. The Directors also believe that the GDI Share Option Scheme will continue to enable the Group to attract and/or retain people who are valuable to the development of the Group and to maintain or attract business relationships with Participants whose contributions are or may be beneficial to the growth of the Group.

The GDI Share Option Scheme provides for the grant of both the Incentive Stock Option and the Nonstatutory Stock Option which are defined under section 422(b) of the Code and specifically created by US Government as a tax-effective equity compensation and long-term incentive instrument, which is commonly used across US companies. Therefore, the GDI Share Option Scheme as structured, having taken into account the US tax and related regulatory considerations, is expected to provide tax efficient incentives to the Participants and align their interests with that of GDI.

### **B. Conditions precedent to the adoption of the GDI Share Option Scheme**

The GDI Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of an ordinary resolution of the Shareholders in the SGM approving the adoption of the GDI Share Option Scheme and authorising GDI Board to grant Options thereunder and to allot and issue GDI Shares pursuant to the exercise of any Options granted under the GDI Share Option Scheme; and
- (b) the approval given by GDI Board and the Company (as the indirect parent company of GDI) for the adoption of the GDI Share Option Scheme.

### **C. Principal terms of the GDI Share Option Scheme**

A summary of the principal terms of the GDI Share Option Scheme is set out in the Appendix to this circular. The terms of the GDI Share Option Scheme are subject to compliance with applicable provisions of Chapter 17 of the Listing Rules.

A copy of the GDI Share Option Scheme is available for inspection at the principal place of business of the Company at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong from the date of this circular to and including the date of the SGM.

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## LETTER FROM THE BOARD

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### 3. PROPOSED GRANT OF SHARE OPTIONS UNDER THE GDI SHARE OPTION SCHEME

The GDI Board has resolved to grant, subject to the adoption of the GDI Share Option Scheme, 2,250,000 Options (representing the maximum number of GDI Shares which may be issued upon exercise of all Options to be granted under the Proposed Grant, particulars of which are set out in this section, assuming no change in the total number of issued GDI Shares at the SGM since the Latest Practicable Date) to the proposed Grantees to subscribe for an aggregate of up to 2,250,000 GDI Shares subject to acceptance of the Grantees, representing 18.75% of the existing issued GDI Shares as at the Latest Practicable Date and approximately 15.79% of the issued GDI Shares as enlarged by the exercise of Options granted under the Proposed Grant, assuming that all such Options are fully exercised.

The Proposed Grant is determined by the GDI Board in its absolute discretion based on the contributions made by the proposed Grantees to the Group with reference to the years of service, work performance, commitment in performing his/her duties and contributions to the development and performance of GDI. The proposed Grantees are 57 persons including the chief executive officer, the chief technology officer, board advisors, executives, senior management and certain staff of Participating Company Group.

Among the abovementioned Options: (i) Options to subscribe for 2,127,500 GDI Shares will be granted to 16 Grantees for their special contributions to the Participating Company Group, including their founding of GDI in 2006 and their strategic advice in defining the business of GDI; these 16 Grantees are directors of GDI or senior management of the Participating Company Group and are so granted in such capacity (the “GDI Senior Management Grant”); and (ii) Options to subscribe for 122,500 GDI Shares will be granted to 41 Grantees for their contributions who were so to be granted in their capacity as employees and/or officers of the Participating Company Group (the “GDI Employees Grant”).

It is also proposed by the GDI Board that, subject to obtaining the approval of the Independent Shareholders, the Relevant Grantees may be granted Options that exceed the Single Participant Limit. Further details are set out in the section headed “Particulars of the Relevant Grantees” below.

#### **Terms of the Proposed Grant**

The terms of the Proposed Grant shall follow the terms of the GDI Share Option Scheme. The Options are subject to the following specific terms:

Date of Grant :	12th November 2018 (Pacific Time)
Exercise price of the Options to be granted :	US\$7.54 per GDI Share, which is not less than the Fair Market Value of GDI Shares

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## LETTER FROM THE BOARD

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The Fair Market Value of  
the GDI Shares as  
at 12th November 2018:

US\$7.54 per GDI Share, as determined by an independent  
third party valuation company engaged by GDI.

The valuation company applied traditional valuation  
techniques and methodologies, including valuation techniques  
and methods that comply with guidance provided by the  
American Institute of Certified Public Accountants (AICPA)  
in its Accounting & Valuation Guide, in determining the fair  
market value of GDI's equity. In addition, factors external to  
GDI such as the economy in the United States and the industry  
in which GDI is operating in have also been taken into account  
by the valuation company.

Number of the Options  
to be granted :

2,250,000

Validity period  
of the Options :

From the date when the Options are granted to 11th November  
2028 (both dates inclusive), subject to any earlier termination  
of the Options as provided by the GDI Share Option Scheme.  
However, no Incentive Stock Option granted to a Ten Percent  
Shareholder shall be exercisable after the expiration of five years  
after the Date of Grant.

Vesting period and  
exercise period  
of the Options :

**For Options to be granted under the GDI Senior  
Management Grant:**

- (i) one-fourth (i.e. 25%) of the Options shall vest on the  
Date of Grant and shall be exercisable commencing  
from the Date of Grant to 11th November 2028 (both  
dates inclusive);
- (ii) one-fourth (i.e. 25%) of the Options shall vest on 1st  
January 2019 and shall be exercisable commencing  
from 1st January 2019 to 11th November 2028 (both  
dates inclusive);
- (iii) one-fourth (i.e. 25%) of the Options shall vest on 1st  
January 2020 and shall be exercisable commencing  
from 1st January 2020 to 11th November 2028 (both  
dates inclusive); and
- (iv) one-fourth (i.e. 25%) of the Options shall vest on 1st  
January 2021 and shall be exercisable commencing  
from 1st January 2021 to 11th November 2028 (both  
dates inclusive).

Immediately prior to the consummation of a change in control  
of GDI (including Ownership Change Event as defined in the  
appendix to this circular or the liquidation or dissolution of  
GDI), all the unvested Options shall automatically vest in full.

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## LETTER FROM THE BOARD

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### **For Options to be granted under the GDI Employees Grant:**

- (i) one-fourth (i.e. 25%) of the Options shall vest on the Date of Grant and shall be exercisable commencing from the Date of Grant to 11th November 2028 (both dates inclusive);
- (ii) one-fourth (i.e. 25%) of the Options shall vest on the first anniversary of the Date of Grant and shall be exercisable commencing from the first anniversary of the Date of Grant to 11th November 2028 (both dates inclusive);
- (iii) one-fourth (i.e. 25%) of the Options shall vest on the second anniversary of the Date of Grant and shall be exercisable commencing from the second anniversary of the Date of Grant to 11th November 2028 (both dates inclusive); and
- (iv) one-fourth (i.e. 25%) of the Options shall vest on the third anniversary of the Date of Grant and shall be exercisable commencing from the third anniversary of the Date of Grant to 11th November 2028 (both dates inclusive).

Immediately prior to the consummation of a change in control of GDI (including a Ownership Change Event as defined in the appendix to this circular or the liquidation or dissolution of GDI), the vesting of Options granted to GDI employees shall accelerate by an additional 12 months.

#### Early Exercise :

Notwithstanding the foregoing vesting schedules, certain Options may be exercised by the Grantees for issuance of both vested and unvested GDI Shares. In the event a Grantee elects to exercise the unvested Options, the unvested GDI Shares issued thereunder shall be treated as restricted stock are entitled to the same rights as vested shares of GDI's common stock, including rights to receive dividends or other distributions to shareholders as well as the right to vote the shares, save that, the holder shall not transfer, assign or dispose of any interest in the unvested GDI Shares, which is subject to a right of repurchase in favor of GDI in the event the Grantee (i) ceases to provide Services to GDI or (ii) attempts to dispose of such restricted stock which are issued pursuant to the exercise of unvested Options. The restricted shares will continue to vest in accordance with the above vesting schedule and the transfer restriction and GDI's right of repurchase shall lapse in accordance with the above vesting schedule.

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## LETTER FROM THE BOARD

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Performance target : Nil. For the avoidance of doubt, there will be no performance target which must be achieved before the unvested Options may be exercised as referred to above.

### **Particulars of the Relevant Grantees**

The number of issued GDI Shares as at the Latest Practicable Date is 12,000,000. The Single Participant Limit for each Grantee is 120,000 Options. Set out below are the brief particulars of each of the Relevant Grantees (none of which is a director, chief executive or substantial shareholder of the Company or the associate of any of them) who are proposed to be granted Options in excess of the Single Participant Limit:

#### ***Leonard Livschitz***

Leonard Livschitz is the founder and the chief executive officer of GDI.

It is proposed that 937,500 Options be granted to Leonard Livschitz entitling him to subscribe for an aggregate number of up to 937,500 GDI Shares at an exercise price of US\$7.54.

As it is proposed that Option may be granted to Leonard Livschitz to subscribe for up to 937,500 GDI Shares under the GDI Share Option Scheme which represent approximately 7.81% of the total issued share capital of GDI as at the Latest Practicable Date, his Single Participant Limit will therefore be exceeded.

#### ***Victoria Livschitz***

Victoria Livschitz is the founder and the chief technology officer of GDI.

It is proposed that 300,000 Options be granted to Victoria Livschitz entitling her to subscribe for an aggregate number of up to 300,000 GDI Shares at an exercise price of US\$7.54.

As it is proposed that Option may be granted to Victoria Livschitz to subscribe for up to 300,000 GDI Shares under the GDI Share Option Scheme which represent 2.50% of the total issued share capital of GDI as at the Latest Practicable Date, her Single Participant Limit will therefore be exceeded.

#### ***Yury Gryzlov***

Yury Gryzlov is the senior vice president of operation of GDI.

It is proposed that 150,000 Options be granted to Yury Gryzlov entitling him to subscribe for an aggregate number of up to 150,000 GDI Shares at an exercise price of US\$7.54.

As it is proposed that Option may be granted to Yury Gryzlov to subscribe for up to 150,000 GDI Shares under the GDI Share Option Scheme which represent 1.25% of the total issued share capital of GDI as at the Latest Practicable Date, his Single Participant Limit will therefore be exceeded.

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## LETTER FROM THE BOARD

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No options have been previously granted to the above Relevant Grantees. The Options to be granted to the Relevant Grantees will vest in accordance with the schedule for Options granted under the GDI Senior Management Grant set out in the section headed “Proposed Grant of Share Options Under the GDI Share Option Scheme” above. There will be no performance target which must be achieved before the Options to be granted to the Relevant Grantees could be exercised.

**Particulars of the grant to Director, chief executive or substantial shareholder of the Company, or any of their respective associates**

Mr. Wang Yueou, being an executive Director and the chief executive officer of the Company, is one of the proposed Grantees proposed to be granted 90,000 Options in accordance with the terms of the GDI Share Option Scheme (if adopted) to subscribe for an aggregate of up to 90,000 GDI Shares at an exercise price of US\$7.54, representing 0.75% of the total issued share capital of GDI as at the Latest Practicable Date.

Save for the Proposed Grant to Mr. Wang Yueou, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, nor an associate of any of them.

The grant of Options to Mr. Wang Yueou has been approved by the independent non-executive Directors in compliance with Rule 17.04(1) of the Listing Rules.

**Reasons for granting the Options to the proposed Grantees (including the Relevant Grantees)**

The Proposed Grant aims to recognize the proposed Grantees’ respective contribution in the formation, management, strategic development, engineering and technical innovation, research and development as well as promotion of business in GDI; to maintain an on-going relationship with each of them whose contributions were beneficial to the development of GDI; and to provide the proposed Grantees with motivation and incentive to enhance the growth of GDI’s future business. In addition, the Proposed Grant to the proposed Grantees is intended to recognize the contribution of the founding team which grew the business since its inception in 2006 as well as defined the business strategy for GDI. Such purposes are served by granting the Options which value would be a positive incentive should the performance of GDI improve and hence the Fair Market Value of the GDI Shares also improve.

Accordingly, the Directors consider that the Proposed Grant (including the proposed Grant to the Relevant Grantees) is beneficial to the Group and fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## LETTER FROM THE BOARD

### 4. INFORMATION ON OPTIONS GRANTED UNDER THE GDI SHARE OPTION SCHEME

Assuming there is no change to the total issued share capital of GDI from the Latest Practicable Date until the date of the SGM, the 2,250,000 GDI Shares to be issued upon exercise of the Options in full represent 18.75% of the total issued share capital of GDI as at the Latest Practicable Date.

Under the GDI Share Option Scheme, the Options do not carry any right to vote, receive dividends, transfer or other rights (including those arising on a liquidation of GDI) prior to their being exercised and the underlying GDI Shares being issued upon exercise of the Options shall rank *pari passu* with the GDI Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those GDI Shares.

Based on the GDI Share Option Scheme which is subject to approval at the SGM, the maximum number of GDI Shares which may be issued under the GDI Share Option Scheme upon exercise of all options granted thereunder will be 1,200,000 (representing 10% of the total issued GDI Shares), assuming no change to the total issued share capital of GDI from the Latest Practicable Date up to the date of the SGM. The Options granted to the proposed Grantees, if approved by Shareholders, will result in the issue of GDI Shares representing 18.75% of the total issued share capital of GDI as at the date of the SGM.

The following table illustrates the changes in the shareholdings of GDI upon the exercise in full of all the Options (assuming no change in the number of total issued GDI Shares between the Latest Practicable Date and the date when the Shares are issued pursuant to the exercise of the Options in full):

Shareholders	As at the Latest Practicable Date		Upon exercise of the Options in full	
	Number of Shares held	Approximate shareholding percentage	Number of Shares held	Approximate shareholding percentage
Company (Note 1)	12,000,000	100%	12,000,000	84.21%
Proposed Grantees under the GDI Senior Management Grant	Nil	Nil	2,127,500	14.93%
Proposed Grantees under the GDI Employees Grant	Nil	Nil	122,500	0.86%
<b>Total:</b>	<b>12,000,000</b>	<b>100%</b>	<b>14,250,000</b>	<b>100%</b>

Notes:

- (1) As at the Latest Practicable Date, GDI is an indirect wholly-owned subsidiary of the Company.
- (2) Figures shown above are for illustrative purposes only.

Mr. Wang Yueou, being an executive Director and the chief executive officer of the Company, abstained from voting on the Board resolutions for considering and approving the Proposed Grant as he has a material interest given he is one of the proposed Grantees. Save for the aforesaid, none of the Directors have a material interest in the Board resolutions approving the adoption of the GDI Share Option Scheme and the Proposed Grant.

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## LETTER FROM THE BOARD

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### 5. THE SGM

The notice of SGM is set out on pages 27 to 28 of this circular.

There is enclosed a proxy form for use at the SGM. A Shareholder entitled to attend and vote at the SGM may appoint another person as his/her proxy to attend and vote instead of him/her, and on a poll, votes may be given either personally or, in the case of a Shareholder being a corporation by its authorised representative or 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 the SGM. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. Whether or not Shareholders intend to be present at the SGM, Shareholders are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the SGM.

### 6. RECORD DATE IN RELATION TO THE SGM

Holders of the Company's Shares whose names appear on the Company's register of members on 17th December 2018 are entitled to attend and vote at the SGM. In order to qualify for attending and voting at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 14th December 2018.

### 7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share held.

After the conclusion of the SGM, the poll results will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.asl.com.hk](http://www.asl.com.hk).

None of the Directors is a trustee of the GDI Share Option Scheme and there is no trustee for the GDI Share Option Scheme. As at the Latest Practicable Date, to the best of the Directors' knowledge and belief having made all reasonable enquiries, no Shareholder has a material interest in the adoption of the GDI Share Option Scheme and the Proposed Grant and therefore no Shareholder is required to abstain from voting on the resolution in relation thereto.



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## LETTER FROM THE BOARD

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### 8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 9. RECOMMENDATION

The Directors consider that the adoption of the GDI Share Option Scheme and the Proposed Grant (including the proposed Grant to the Relevant Grantees) is in the interest of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of all resolutions to be proposed at the SGM.

Yours faithfully  
By order of the Board of  
**AUTOMATED SYSTEMS HOLDINGS LIMITED**  
**Mr. LI Wei**  
*Chairman*

*The following is a summary of the rules of the GDI Share Option Scheme which shall apply subject to compliance with applicable Listing Rules for so long as GDI remains a subsidiary of the Company and the Company is listed on the Stock Exchange:*

**1. PURPOSE**

The purpose of the GDI Share Option Scheme is to advance the interests of GDI and its shareholders by providing an incentive to attract, retain and reward persons performing services for GDI and any entities that GDI designates as within the Participating Company Group and by motivating such persons to contribute to the growth and profitability of GDI.

**2. PARTICIPANTS AND ADMINISTRATOR OF THE GDI SHARE OPTION SCHEME**

- 2.1 On and subject to the terms of the GDI Share Option Scheme and the Listing Rules, the GDI Board shall be entitled for the period from the effective date of the GDI Share Option Scheme until its termination by the GDI Board or at the close of business on the date which falls ten (10) years after the effective date of the GDI Share Option Scheme (whichever is earlier) to enter into a Stock Option Agreement with any Participant as the GDI Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the period as specified in the section “5. PERIOD OF THE GDI SHARE OPTION SCHEME AND TIME OF EXERCISE OF OPTIONS”, subscribe for such number of GDI Shares as the GDI Board may determine at a price calculated in accordance with the section “3. EXERCISE PRICE”.
- 2.2 An Option shall be deemed to have been granted and accepted by the Participants and to have taken effect when the duplicate of the Stock Option Agreement comprising acceptance of the offer has been duly signed by the Participants within 28 days (the “Acceptance Period”). No payment is required to accept an offer. To the extent that the offer is not accepted within the Acceptance Period in the manner indicated above, it shall be deemed to have been irrevocably declined by the Participant and the offer shall automatically lapse and become null and void. No Option or purported Option shall be a valid and binding obligation of GDI unless evidenced by a fully executed Stock Option Agreement.
- 2.3 Each Option shall comply with and be subject to the terms and conditions set forth in the appropriate form of Stock Option Agreement approved by the GDI Board and as amended from time to time. The GDI Share Option Scheme shall be administered by the GDI Board.
- 2.4 The GDI Board shall have the full and final power and authority, in its discretion, among others:
- (a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of GDI Shares to be subject to each Option;
  - (b) to designate Options as Incentive Stock Options or Nonstatutory Stock Options;
  - (c) to determine the Fair Market Value of GDI Shares or other property;

- (d) to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) of the exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Participant's termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the GDI Share Option Scheme;
- (e) to approve one or more forms of Stock Option Agreement;
- (f) to amend, modify, extend, cancel or renew any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;
- (g) to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following a Participant's termination of Service;
- (h) to prescribe, amend or rescind rules, guidelines and policies relating to the GDI Share Option Scheme, or to adopt supplements or sub-plans to, or alternative versions of, the GDI Share Option Scheme, including, without limitation, as the GDI Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions in which Options may be granted; and
- (i) to correct any defect, supply any omission or reconcile any inconsistency in the GDI Share Option Scheme or any Stock Option Agreement and to make all other determinations and take such other actions with respect to the GDI Share Option Scheme or any Option as the GDI Board may deem advisable to the extent not inconsistent with the provisions of the GDI Share Option Scheme or applicable law.

### 3. EXERCISE PRICE

- 3.1 The exercise price for each Option shall be established in the discretion of the GDI Board; provided, however, that the exercise price per share for an Option shall be not less than the Fair Market Value of a GDI Share on the effective date of grant of the Option. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code. However, the exercise price of Options to be granted after the Company has resolved to seek a separate listing of the GDI on any stock exchange and up to the listing date of GDI must be not lower than the new issue price (if any).

- 3.2 The said Fair Market Value is, as of any date, the value of a GDI Share or other property as determined by the GDI Board, in its discretion, or by GDI, in its discretion, if such determination is expressly allocated to GDI, subject to the following:
- (a) If, on such date, the GDI Share is listed on a national or regional securities exchange or market system, the Fair Market Value of GDI Share shall be the closing price of a GDI Share (or the mean of the closing bid and asked prices of a GDI Share if the GDI Share is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq Small Cap Market or such other national or regional securities exchange or market system constituting the primary market for the GDI Share, as reported in The Wall Street Journal or such other source as GDI deems reliable. If the relevant date does not fall on a day on which the GDI Share has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the GDI Share was so traded prior to the relevant date, or such other appropriate day as shall be determined by the GDI Board, in its discretion.
  - (b) If, on such date, the GDI Share is not listed on a national or regional securities exchange or market system, the Fair Market Value of a GDI Share shall be as determined by the GDI Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and subject to the applicable requirements, if any, of Section 409A of the Code and Section 260.140.50 of Title 10 of the California Code of Regulations.

#### 4. INCENTIVE STOCK OPTION LIMITATIONS

- 4.1 An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.
- 4.2 The following shall apply to Options that are intended to be granted as Incentive Stock Options. For the avoidance of doubt, if the following conditions are not met, the Options will be granted as Nonstatutory Stock Options instead.

**Maximum Number of GDI Shares Issuable Pursuant to Incentive Stock Options.** Subject to section 9.2 and adjustment as provided in section “12. EFFECT OF ALTERATIONS TO SHARE CAPITAL”, the maximum aggregate number of GDI Shares that may be issued under the GDI Share Option Scheme pursuant to the exercise of Incentive Stock Options shall not exceed the total number of GDI Shares which may be issued upon exercise of all Options to be granted under the GDI Share Option Scheme approved by the Shareholders as at the adoption date of the GDI Share Option Scheme (the “ISO Share Limit”). The maximum aggregate number of GDI Shares that may be issued under the GDI Share Option Scheme pursuant to all Options other than Incentive Stock Options shall be the number of shares reserved for issuance under the GDI Share Option Scheme and determined in accordance with section 9.2, subject to adjustment as provided in section “12. EFFECT OF ALTERATIONS TO SHARE CAPITAL”.

- (a) **Persons Eligible.** An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee. Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee shall be deemed granted effective on the date such person commences Service as an Employee, with an exercise price determined as of such date in accordance with section “3. EXERCISE PRICE”.
- (b) **Fair Market Value Limitation.** To the extent that options designated as Incentive Stock Options (granted under all stock plans of the Participating Company Group, including the GDI Share Option Scheme) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than one hundred thousand US dollars (US\$100,000), the portions of such options which exceed such amount shall be treated as Nonstatutory Stock Options. For purposes of this section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option.

## 5. PERIOD OF THE GDI SHARE OPTION SCHEME AND TIME OF EXERCISE OF OPTIONS

- 5.1 Subject to the terms of the GDI Share Option Scheme, the GDI Share Option Scheme was adopted for a period from the effective date of the GDI Share Option Scheme until its termination by the GDI Board or at the close of business on the date which falls ten (10) years after the effective date of the GDI Share Option Scheme, whichever is earlier.
- 5.2 Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, the Options will be exercisable until the expiration of ten (10) years after the effective date of grant of such Option, or such other applicable date (i.e. no Incentive Stock Option granted to a Ten Percent Shareholder shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and with the exception of (i) an Option granted to an Officer, a GDI Scheme Director or a Consultant and (ii) an Option that is exercisable based on the accomplishment of specific performance-based milestones, no Option shall become exercisable at a rate less than twenty percent (20%) per year over a period of five (5) years from the effective date of grant of such Option, subject to the Participant’s continued Service).

**6. RIGHTS ARE PERSONAL TO GRANTEEES**

During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. No Option shall be assignable or transferable by the Participant pursuant to applicable Listing Rules.

**7. RIGHTS OF SHARES AND OPTIONS**

7.1 The GDI Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bylaws of GDI for the time being in force and shall rank *pari passu* in all respects with the existing fully paid common shares in issue on the date on which those GDI Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which common shares are allotted, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the shares are allotted.

7.2 A Participant shall have no rights as a shareholder with respect to any shares covered by an Option until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of GDI or of a duly authorized transfer agent of GDI). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in section "12. EFFECT OF ALTERATIONS TO SHARE CAPITAL" or another provision of the GDI Share Option Scheme.

**8. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

Any grant of Options to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates under the GDI Share Option Scheme or any other share option schemes of GDI or any of its subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the GDI Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the GDI Shares in issue on the date of such grant; and
- (b) having an aggregate value, based on the Fair Market Value of the GDI Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and the Grantee, his or her associates and all core connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

**9. MAXIMUM NUMBER OF GDI SHARES ISSUABLE**

- 9.1 Subject to maximum number of GDI Shares issuable under section 9.2 below and adjustment as provided in section 12 below:–
- (a) Subject to section 9.1(c), the total number of GDI Shares which may be issued upon exercise of all Options to be granted under the GDI Share Option Scheme and any other share option schemes of GDI shall not in aggregate exceed 10% of the total number of GDI Shares in issue as at the date of approval of the adoption of the GDI Share Option Scheme (i.e. the adoption date), unless the Company obtains a fresh approval from the shareholder(s) of GDI and the Shareholders pursuant to sections 9.1(b) or 9.1(c). Options lapsed in accordance with the terms of the GDI Share Option Scheme and (as the case may be) such other share option schemes of GDI shall not be counted for the purpose of calculating such 10% limit. If an outstanding Option for any reason lapses or is terminated or cancelled pursuant to its terms, the GDI Shares allocable to the lapsed Options shall again be available for issuance under the GDI Share Option Scheme.
  - (b) GDI may seek approval by its shareholders and the Shareholders in general meeting to refresh the 10% limit set out in section 9.1(a) such that the total number of GDI Shares which may be issued upon exercise of all Options to be granted under the GDI Share Option Scheme and any other share option schemes of GDI under the limit as “refreshed” shall not exceed 10% of the total number of GDI Shares in issue as at the date of approval to refresh such limit. Options previously granted under any share option schemes of GDI (including those outstanding, cancelled, lapsed in accordance with the GDI Share Option Scheme or exercised Options) shall not be counted for the purpose of calculating the limit as “refreshed”. The Company shall send a circular to the Shareholders of which containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
  - (c) GDI may seek separate approval by its shareholders and the Shareholders in general meeting for granting Options beyond the 10% limit set out in section 9.1(a) or 9.1(b) (as the case may be) provided that the Options in excess of such limit are granted only to Participants specifically identified by GDI and the Company before such approval is sought. In such case, the Company shall send a circular to the Shareholders containing a generic description of the specified Participant(s) who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participant(s) with an explanation as to how the terms of the Options serve such purpose, the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- 9.2 At any time, the maximum number of GDI Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the GDI Share Option Scheme and any other share option schemes of GDI shall not exceed 30% of the GDI Shares in issue from time to time, subject always to compliance with the Listing Rules.

**10. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

- 10.1 Subject to paragraph 10.2 below, the maximum number of GDI Shares issued and to be issued upon exercise of the Options granted to each Grantee under the GDI Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any GDI Shares subject to options granted during such period under any other share option scheme(s) of GDI other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1.0% of the GDI Shares in issue for the time being.
- 10.2 Where any further grant of Options to a Participant would result in the GDI Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0% of the total number of GDI Shares in issue, such further grant must be separately approved by Shareholders in a general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

**11. LAPSE OF OPTIONS**

- 11.1 Subject to earlier termination of the Option as otherwise provided by the GDI Share Option Scheme and unless a longer exercise period is provided by the GDI Board in the grant of an Option and set forth in the Stock Option Agreement, an Option shall terminate immediately upon the Participant's termination of Service to the extent that it is then unvested and shall be exercisable after the Participant's termination of Service to the extent it is then vested only during the applicable time period determined in accordance with this section and thereafter shall terminate:
- (a) **Disability.** If the Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of the Option's term as set forth in the Stock Option Agreement evidencing such Option (the "Option Expiration Date") or such other period of time as is set forth in the notice of grant of stock option.
- (b) **Death.** If the Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of the Option Expiration Date or such other period of time as is set forth in the notice of grant of stock option. The Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months (or such longer period of time as determined by the GDI Board, in its discretion) after the Participant's termination of Service.



- (c) **Termination for Cause.** Notwithstanding any other provision of the GDI Share Option Scheme to the contrary, if the Service is terminated for Cause, the Option shall terminate and cease to be exercisable immediately upon such termination of Service. “Cause” means, unless such term or an equivalent term is otherwise defined with respect to an Option by the Participant’s Stock Option Agreement or written contract of employment or service, any of the following: (i) the Participant’s theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company’s documents or records; (ii) the Participant’s material failure to abide by a Participating Company’s code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iii) the Participant’s unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Participant’s improper use or disclosure of a Participating Company’s confidential or proprietary information); (iv) any intentional act by the Participant which has a material detrimental effect on a Participating Company’s reputation or business; (v) the Participant’s repeated failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (vi) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (vii) the Participant’s conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant’s ability to perform his or her duties with a Participating Company.
- (d) **Other Termination of Service.** If the Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable by the Participant on the date on which the Service terminated, may be exercised by the Participant at any time prior to the expiration of the Option Expiration Date or such other period of time as is set forth in the notice of grant of stock option.
- 11.2 **Extension if Exercise Prevented by Law.** Notwithstanding the foregoing, other than termination for Cause, if the exercise of an Option within the applicable time periods set forth in this section is prevented by the provisions in relation to compliance with relevant securities law, the Option shall remain exercisable until thirty (30) days after the date such exercise first would no longer be prevented by such provisions, but in any event no later than the Option Expiration Date.

**12. EFFECT OF ALTERATIONS TO SHARE CAPITAL**

Subject to any required action by the shareholders of GDI, in the event of any change in the GDI Shares effected without receipt of consideration by GDI, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of GDI, or in the event of payment of a dividend or distribution to the shareholders of GDI in a form other than GDI Shares (excepting normal cash dividends) that has a material effect on the Fair Market Value of GDI Shares, appropriate and proportionate adjustments shall be made in the number and class of shares subject to the GDI Share Option Scheme and to any outstanding Options, in the ISO Share Limit set forth in section “4. INCENTIVE STOCK OPTION LIMITATIONS”, and in the exercise or purchase price per share of any outstanding Options in order to prevent dilution or enlargement of Participants’ rights under the GDI Share Option Scheme. For purposes of the foregoing, conversion of any convertible securities of GDI shall not be treated as “effected without receipt of consideration by GDI.” If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the “New Shares”), the Committee may unilaterally amend the outstanding Options to provide that such Options are for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise or purchase price per share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Committee, in its discretion. Any fractional share resulting from an adjustment pursuant to this section shall be rounded down to the nearest whole number, and the exercise price per share shall be rounded up to the nearest whole cent. In no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. Such adjustments shall be determined by the GDI Board and subject to confirmation by auditor or independent financial adviser as contemplated under the Listing Rules, and its determination shall be final, binding and conclusive. “Ownership Change Event” means the occurrence of any of the following with respect to GDI: (i) the direct or indirect sale or exchange in a single or series of related transactions by the shareholders of GDI of more than fifty percent (50%) of the voting stock of the GDI; (ii) a merger or consolidation in which GDI is a party; or (iii) the sale, exchange, or transfer of all or substantially all of the assets of GDI.

**13. TERMINATION AND ALTERATIONS OF THE GDI SHARE OPTION SCHEME**

The GDI Board may amend, suspend or terminate the GDI Share Option Scheme at any time to the extent compliant with Chapter 17 of the Listing Rules. However, subject to changes in applicable law, regulations or rules that would permit otherwise and subject to applicable Listing Rules, without the approval of GDI's shareholders, there shall be (a) no increase in the maximum aggregate number of GDI Shares that may be issued under the GDI Share Option Scheme (except as may be permitted by the Listing Rules or by operation of the provisions of the section "12. EFFECT OF ALTERATIONS TO SHARE CAPITAL"), (b) no change in the class of persons eligible to receive Incentive Stock Options, (c) no alterations to the terms and conditions of the GDI Share Option Scheme which are of a material nature, or any change to the terms of Options granted except where the alterations take effect automatically under the existing terms of the GDI Share Option Scheme, (d) no alteration to the specific provisions of the GDI Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules altered to the advantage of Participants, or changes to the authority of the GDI Board in relation to any alteration of the terms of the GDI Share Option Scheme and (e) no other amendment of the GDI Share Option Scheme that would require approval of GDI's shareholders under the Listing Rules or any applicable law, regulation or rule, including the rules of any stock exchange or market system upon which GDI Shares may then be listed. No amendment, suspension or termination of the GDI Share Option Scheme shall affect any then outstanding Option unless expressly provided by the GDI Board. Except as provided by the next sentence, no amendment, suspension or termination of the GDI Share Option Scheme may adversely affect any then outstanding Option without the consent of the Participant. Notwithstanding any other provision of the GDI Share Option Scheme to the contrary, the GDI Board may, in its sole and absolute discretion and without the consent of any Participant, amend the GDI Share Option Scheme or any Stock Option Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the GDI Share Option Scheme or such Stock Option Agreement to any present or future law, regulation or rule applicable to the GDI Share Option Scheme, including, but not limited to, Section 409A of the Code and the Listing Rules.

**14. CANCELLATION OF OPTIONS**

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Participant provided that such new Options fall within the limits prescribed by section 9.2 above, excluding the cancelled Options, and are otherwise granted in accordance with the terms of the GDI Share Option Scheme.

**15. TRUE-UP POLICY**

Subject to separate approval by shareholders of GDI in connection with the adoption of the GDI Share Option Scheme, the GDI Board has adopted a True-Up Option Policy (“True-Up Policy”), which provides as follows:

- (a) The purpose of the True-Up Policy is to protect Participants under the GDI Share Option Scheme from the dilutive effects of subsequent qualified equity financings (“Financing(s)”) by GDI.
- (b) For the purposes of this True-Up Policy, a Financing is qualified if it results in an issuance of a new stock or recapitalization of existing stock leading to dilution of the Participant’s GDI Share of the GDI’s value, regardless of the value of the consideration tendered for the stock, if any.
- (c) The True-Up Policy will be implemented by granting Options for GDI Shares after each Financing to all eligible Participants under the GDI Share Option Scheme, provided such Participants (a) have received Options under GDI Share Option Scheme before the latest Financing and (b) remain eligible to receive Options under the regular eligibility criteria of the GDI Share Option Scheme (“Qualified Participants”).
- (d) The Options will be granted at the then Fair Market Value of the GDI Share.
- (e) The number of GDI Shares that may be issued upon exercise of all Options to be granted to each Qualified Participant as may reasonably be determined by Board at each Financing will be calculated based on the dilution of the equity value of such participant.
- (f) The True-Up Policy shall remain in effect until such time as GDI has raised at least one hundred million US dollars (US\$100,000,000) in aggregate Financings.
- (g) Upon exceeding one hundred million US dollars (US\$100,000,000) in aggregate Financing, the True-Up Policy will apply only to the Financing amount up to one hundred million US dollars (US\$100,000,000).

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## NOTICE OF SGM

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### **AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(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 (the “Company”) will be held at 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong on Friday, 21st December 2018 at 10:00 a.m. (the “SGM”) for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

1. **“THAT** the rules of the proposed share option scheme (the “GDI Share Option Scheme”) of Grid Dynamics International, Inc. (“GDI”) (a copy of which has been produced to the SGM marked ‘A’ and initialled by the chairman of the SGM for the purpose of identification) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the GDI Share Option Scheme”;
2. **“THAT** subject to and conditional upon the passing of resolution (1), the grant of options (the “Option(s)”) under the GDI Share Option Scheme to the 57 proposed grantees which would entitle them to subscribe for up to 2,250,000 shares at the exercise price of US\$7.54 each in the share capital of GDI (the “GDI Shares”) (the details of which are set out in the Company circular dated 3rd December 2018), be and is hereby confirmed and approved and the directors of the Company be and are hereby authorised to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Options”;
3. **“THAT** subject to and conditional upon the passing of resolution (1) and without prejudice to resolution (2), the grant of 937,500 Options under the GDI Share Option Scheme to Leonard Livschitz which would entitle him to subscribe for up to 937,500 GDI Shares (which is included in the said 2,250,000 GDI Shares under resolution (2)) at the exercise price of US\$7.54 each, be and is hereby confirmed and approved and the directors of the Company be and are hereby authorised to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Options”;
4. **“THAT** subject to and conditional upon the passing of resolution (1) and without prejudice to resolution (2), the grant of 300,000 Options under the GDI Share Option Scheme to Victoria Livschitz which would entitle her to subscribe for up to 300,000 GDI Shares (which is included in the said 2,250,000 GDI Shares under resolution (2)) at the exercise price of US\$7.54 each, be and is hereby confirmed and approved and the directors of the Company be and are hereby authorised to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Options”; and

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## NOTICE OF SGM

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5. “**THAT** subject to and conditional upon the passing of resolution (1) and without prejudice to resolution (2), the grant of 150,000 Options under the GDI Share Option Scheme to Yury Gryzlov which would entitle him to subscribe for up to 150,000 GDI Shares (which is included in the said 2,250,000 GDI Shares under resolution (2)) at the exercise price of US\$7.54 each, be and is hereby confirmed and approved and the directors of the Company be and are hereby authorised to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Options”.

Yours faithfully  
By order of the Board of  
**Automated Systems Holdings Limited**  
**Mr. LI Wei**  
*Chairman*

Hong Kong, 3rd December 2018

*Notes:*

- (a) Holders of the Company’s shares whose names appear on the Company’s register of members on 17th December 2018 are entitled to attend and vote at the SGM. In order to determine the entitlement to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 14th December 2018.
- (b) Voting on the resolutions will be taken by way of poll. On voting by poll, every member of the Company present in person or by a duly authorised corporate representative or by proxy shall have one vote for every fully paid share of the Company of which such member is the holder.
- (c) A shareholder of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her, and on a poll, votes may be given either personally or, in the case of a shareholder of the Company being a corporation, by its duly authorised representative or by proxy in accordance with the bye-laws of the Company. A shareholder of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to attend the SGM. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares of the Company in respect of which each such proxy is so appointed.
- (d) Where there are joint registered holders of any share of the Company, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (e) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.
- (f) A proxy form for use at the SGM is enclosed with the circular to the shareholders of the Company.
- (g) Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the SGM or any adjournment thereof if he/she so wishes.

*As at the date of this notice, 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.*