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## **AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 771)**

### **CONNECTED TRANSACTION AT THE SUBSIDIARY LEVEL IN RELATION TO DISPOSAL OF 2.85% GDI SHARES UNDER STOCK TRANSFER AGREEMENT**

The Board announces that, on 25th January 2019, GDD (an indirect wholly-owned subsidiary of the Company) entered into the Stock Transfer Agreement with the Transferee whereby GDD agreed to transfer to the Transferee, and Transferee agreed to receive and hold from GDD, 342,500 Transfer Shares, representing 2.85% of the total number of issued GDI Shares, at the consideration of US\$2,055,000 (approximately HK\$16,128,668). Upon closing of the Disposal, GDI will be an indirect 97.15%-owned subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Transferee is an associate of Ms. Livschitz, who is a director of GDI, and therefore the Transferee is a connected person of the Company at subsidiary level. The Disposal under the Stock Transfer Agreement thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal under the Stock Transfer Agreement exceed 1% but is less than 5% and the Disposal under the Stock Transfer Agreement is a connected transaction between the Group and a connected person of the Company at the subsidiary level, the Disposal under the Stock Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

The Board announces that, on 25th January 2019, GDD (an indirect wholly-owned subsidiary of the Company) entered into the Stock Transfer Agreement with the Transferee whereby GDD agreed to transfer to the Transferee, and the Transferee agreed to receive and hold from GDD, 342,500 Transfer Shares, representing 2.85% of the total number of issued GDI Shares, at the consideration of US\$2,055,000 (approximately HK\$16,128,668).

#### **STOCK TRANSFER AGREEMENT**

The principal terms of the Stock Transfer Agreement are summarised as follows:

**Date** : 25th January 2019

**Parties** : (1) GDD, an indirect wholly-owned subsidiary of the Company, as the transferor; and

(2) the Transferee, an associate of Ms. Livschitz, who is a director of GDI.

- Transfer Shares** : 342,500 GDI Shares, representing 2.85% of the total number of issued GDI Shares.
- Consideration** : US\$2,055,000 (approximately HK\$16,128,668), which was arrived at after arm's length negotiation between the parties on normal commercial terms by reference to, among other things, discount rate to the Exercise Price of GDI Share Option granted on 12th November 2018.
- Closing and Payments** : The closing of the transfer of the Transfer Shares shall take place on the date of the payment to be made by Transferee to GDD, subject to Transferee's payment of the amount and on the date indicated below (or at such other time and place as Transferee and GDD shall agree in writing):
- Payment for the purchase of 342,500 Transfer Shares in the amount of US\$2,055,000 (approximately HK\$16,128,668) shall be made by Transferee to GDD on or before the tenth (10th) day following the date of the Stock Transfer Agreement.

## GENERAL INFORMATION

### *Information of the Company*

The Company is an investment holding company with its subsidiaries principally engaged in the business of information technology ("IT") and is one of the leading and professional IT service providers in Hong Kong. The Group's core business is based in Hong Kong and Macau and covers Asia Pacific, Europe and the United States. It is dedicated to offering professional and trustworthy IT services to corporate clients around the world. The Group's principle business covers the following three major areas:

**EMPOWER:** The Group provides solutions consultancy services, high-quality, scalable and customized application development services as well as productized solutions for customers in the government, banking, finance, transportation, healthcare, education, property, retail and more industries so as to meet various needs of customers in the next-generation digital transformation journey.

**SECURE:** Throughout the digital transformation journey, securing digital asset is particularly important. Equipped with round-the-clock Service Center and advanced Security Operation Center *Plus* (SOC+), the Group not only offers security consultancy services and comprehensive security solutions, but also provides customers a 24x7 real-time holistic IT security protection.

**MANAGE:** The Group also provides integrated IT managed services based on IT Service Management (ITSM) best practice throughout the entire IT project lifecycle. Such services include basic infrastructure services, IT operation outsourcing services, corporate-level application outsourcing services and industry applications of Software as a Service (SaaS). To ensure the quality of delivery of services and the efficiency of collaborative processes, we are committed to the Service Level Agreement (SLA), assisting customers in managing, integrating and optimizing their IT systems, improving overall information management.

"Empower", "Secure" and "Manage" are the three core values that the Group brings to its customers. With the Group's seven research and development centers worldwide, over a thousand of high-caliber IT experts, and more than 40 years of experience in providing professional IT services to more than 3,000 global customers, the Group provides the best practice for customers' IT management.

### ***Information on GDD***

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

### ***Information on the Transferee***

The Transferee is a limited liability company incorporated in the State of Washington of the United States and is principally engaged in investment holding. As at the date of this announcement, the Transferee is an associate of Ms. Livschitz, who is a director, the founder and the chief technology officer of GDI.

### ***Information on GDI***

GDI is a corporation incorporated in the State of California of the United States and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. GDI is a provider of open, scalable, next-generation e-commerce technology solutions in the areas of omni-channel digital platforms (such as designing and developing web catalogs, search systems and mobile applications), cloud enablement, big data analytics and continuous delivery.

Set out below is the extracted financial information of GDI for the two financial years ended 31st December 2016 and 31st December 2017 based on the United States Generally Accepted Accounting Principle:

	<b>For the year ended 31st December 2016</b>	<b>For the year ended 31st December 2017</b>
	<i>US\$</i>	<i>US\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit before taxation	8,917,489 (approximately HK\$69,988,912)	12,891,079 (approximately HK\$101,175,634)
Net profit after taxation	4,358,359 (approximately HK\$34,206,581)	10,782,339 (approximately HK\$84,625,188)

The unaudited net asset value of GDI was approximately US\$29,117,000 (approximately HK\$228,524,775) as at 30th June 2018.

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

The Disposal aims to recognize the respective contribution of Ms. Livschitz as a founder and the chief technology officer of GDI in the formation, management, engineering and technical innovation, research and development as well as promotion of business in GDI and to provide Ms. Livschitz with motivation and incentive to improve technology of artificial intelligence and machine learning of GDI, enhance the growth of GDI's future business and improve the overall performance of GDI and hence the fair market value of the GDI Shares also improve for the benefit of the Company and the Shareholders as a whole.

None of the Directors has any material interest, direct or indirect, in the Disposal and therefore none of the Directors was required to abstain from the voting on the resolutions of the Board to approve the Disposal.

The Directors (including independent non-executive Directors) are of the view that the terms of the Stock Transfer Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL**

Upon closing of the Disposal, GDI will be an indirect 97.15%-owned subsidiary of the Company, going forwards, the total assets and liabilities as well as the financial results of GDI will still be included in the Company's consolidated statement of financial position and the consolidated statement of profit or loss, respectively, though the consolidated net assets of the Company and the consolidated profit or loss attributable to the equity holders of the Company will be reduced by the percentage of the equity interest in GDI disposed.

Considering the Disposal does not result in change in control of GDI, no gain or loss will therefore arise on the Disposal.

## **USE OF PROCEED FROM THE DISPOSAL**

The Company intends to utilize all the net proceeds from the Disposal for general working capital purpose.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Transferee is an associate of Ms. Livschitz, who is a director of GDI, the subsidiary of the Company and therefore the Transferee is a connected person of the Company at subsidiary level. The Disposal under the Stock Transfer Agreement thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal under the Stock Transfer Agreement exceed 1% but is less than 5% and the Disposal under the Stock Transfer Agreement is a connected transaction between the Group and a connected person of the Company at the subsidiary level, the Disposal under the Stock Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Automated Systems Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 771)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the transaction contemplated under the Stock Transfer Agreement

“Exercise Price”	US\$7.54 per GDI Share, which is the exercise price of the GDI Share Option granted on 12th November 2018 and not less than the fair market value of the GDI Shares as at 12th November 2018, 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).
“GDD”	GDD International Holding Company, a corporation incorporated in the State of Delaware of the United States, an indirect wholly-owned subsidiary of the Company and the sole shareholder of GDI as at the date of this announcement
“GDI”	Grid Dynamics International, Inc., a corporation incorporated in the State of California of the United States and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“GDI Share(s)”	common stock in GDI
“GDI Share Option(s)”	option(s) to subscribe for GDI Shares granted on 12th November 2018 pursuant to the share option scheme of GDI, which was adopted by the board of directors of GDI on 12th November 2018 and approved by the Company and the Shareholders on 21st December 2018
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Ms. Livschitz”	Ms. Victoria Livschitz, being a director, the founder and the chief technology officer of GDI
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Transfer Agreement”	a stock transfer agreement dated 25th January 2019 entered into between GDD and Transferee pursuant to which GDD agreed to transfer to Transferee, and Transferee agreed to receive and hold from GDD, 342,500 Transfer Shares

“Transferee”	VLSK2019 LLC, a limited liability company incorporated in the State of Washington of the United States and an associate of Ms. Livschitz
“Transfer Share(s)”	342,500 GDI Shares, representing 2.85% of the total number of issued GDI Shares
“United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent

*For the purposes of this announcement, the exchange rate of US\$1.00 = HK\$7.8485 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*

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

Hong Kong, 25th January 2019

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