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## **AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 771)**

### **(1) VERY SUBSTANTIAL DISPOSAL AND VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE MERGERS AND (2) PROPOSED SPIN-OFF AND SEPARATE LISTING OF GRID DYNAMICS INTERNATIONAL, INC.**

#### **MERGERS AND PROPOSED SPIN-OFF**

The Board is pleased to announce that on 13th November 2019 (after trading hours), the Company, GDI, ChaSerg, Merger Sub 1, and Merger Sub 2 entered into the conditional Merger Agreement in relation to the Mergers.

The transactions contemplated under the Merger Agreement involving the acquisition of GDI by ChaSerg, a special purpose acquisition company the shares of which are listed on Nasdaq, are effectively an injection of GDI in exchange for cash and equity interest in ChaSerg and thereby effecting the separate listing of GDI on Nasdaq. Immediately after Completion, ChaSerg will, through its wholly-owned subsidiary, hold all the operating assets and intangible assets (including intellectual property rights) required for the operation of the IT services business of GDI. The Company will, through its wholly-owned subsidiary, GDD, be entitled to receive (a) cash consideration of approximately US\$93.6 million (equivalent to approximately HK\$730.6 million), subject to Cash Consideration Adjustment; and (b) Consideration Shares representing approximately 34% of the issued share capital of ChaSerg upon Completion (assuming (i) there is no redemption of funds by ChaSerg shareholders; (ii) there is no adjustment to the Merger Consideration; (iii) there is no change in shareholding interest of the Company in GDI from the date of this announcement to the date of Completion; (iv) all outstanding and vested stock options of GDI convertible into CS Common Stock have been exercised; (v) outstanding ChaSerg warrants have not been exercised (as they are out of the money as at the date of this announcement); and (vi) there is no other change in the number of CS Common Stock from the date of this announcement to the date of Completion). Upon Completion, the results of the GDI Group will no longer be consolidated in the results of the Remaining Group.

#### **LISTING RULES IMPLICATIONS**

The injection of GDI into ChaSerg by way of the Mergers pursuant to the Merger Agreement constitutes a spin-off which is subject to the applicable requirements in PN15. The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. The Company proposes to put forth a resolution to Shareholders at the SGM to waive the assured entitlement.

As one or more applicable percentage ratios under the Listing Rules in respect of the Mergers and the Proposed Spin-off exceed 75% and 100%, respectively, the Mergers and the Proposed Spin-off constitute a very substantial disposal (in respect of the disposal of GDI by the Company) and very substantial acquisition (in respect of the acquisition of CS Common Stock by the Company as share consideration for the Mergers) of the Company under Chapter 14 of the Listing Rules. Accordingly, the Mergers and the Proposed Spin-off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **SGM**

The Company will convene an SGM to seek Independent Shareholders' approval on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. All Shareholders who have a material interest (which is different from all other Shareholders) in any of the transactions contemplated by the Mergers and the Proposed Spin-off, together with their close associates (as defined in the Listing Rules), will be required to abstain from voting at the SGM. As none of the Shareholders has a material interest in the transactions contemplated by the Mergers and the Proposed Spin-off, none of the Shareholders is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM, save that the controlling Shareholder is required to abstain from voting on the resolution to waive the assured entitlement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Or Siu Ching, Rerina to advise the Independent Shareholders on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the Mergers, the Proposed Spin-off and the transactions contemplated thereunder.

BaoQiao Partners Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Mergers, the Proposed Spin-off and the transactions contemplated thereunder after obtaining and considering the advice from the independent financial adviser.

A circular containing, among other things, (i) further details of the Mergers and the Proposed Spin-off; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Mergers and the Proposed Spin-off; (iii) a letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Mergers and the Proposed Spin-off; and (iv) a notice of the SGM and a form of proxy, is expected to be dispatched to the Shareholders on or before 31st December 2019 as the Company needs more time to prepare and finalize information to be included in the circular.

**Shareholders and potential investors in the Company should note that the consummation of the Mergers is subject to the fulfilment of certain conditions, including, among other things, the approval of the Shareholders, Teamsun and shareholders of GDI, and that the Merger Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Mergers will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**

## INTRODUCTION

The Board is pleased to announce that on 13th November 2019 (after trading hours), the Company, GDI, ChaSerg, Merger Sub 1, and Merger Sub 2 entered into the conditional Merger Agreement in relation to the Mergers.

The transactions contemplated under the Merger Agreement involving the acquisition of GDI by ChaSerg, a special purpose acquisition company the shares of which are listed on Nasdaq, are effectively an injection of GDI in exchange for cash and equity interest in ChaSerg and thereby effecting the separate listing of GDI on Nasdaq. Immediately after Completion, ChaSerg will, through its wholly-owned subsidiary, hold all the operating assets and intangible assets (including intellectual property rights) required for the operation of the IT services business of GDI. The Company will, through its wholly-owned subsidiary, GDD, be entitled to receive (a) cash consideration of approximately US\$93.6 million (equivalent to approximately HK\$730.6 million), subject to Cash Consideration Adjustment; and (b) Consideration Shares representing approximately 34% of the issued share capital of ChaSerg upon Completion (assuming (i) there is no redemption of funds by ChaSerg shareholders; (ii) there is no adjustment to the Merger Consideration; (iii) there is no change in shareholding interest of the Company in GDI from the date of this announcement to the date of Completion; (iv) all outstanding and vested stock options of GDI convertible into CS Common Stock have been exercised; (v) outstanding ChaSerg warrants have not been exercised (as they are out of the money as at the date of this announcement); and (vi) there is no other change in the number of CS Common Stock from the date of this announcement to the date of Completion). Upon Completion, the results of the GDI Group will no longer be consolidated in the results of the Remaining Group.

## MERGERS AND PROPOSED SPIN-OFF

### Merger Agreement

The principal terms of the Merger Agreement are summarized as follows:

<b>Date</b>	:	13th November 2019
<b>Parties</b>	:	(1) The Company
		(2) GDI
		(3) ChaSerg
		(4) Merger Sub 1
		(5) Merger Sub 2

**Subject matter** : Subject to the terms and conditions of the Merger Agreement, the parties intend to enter into the following business combination transactions:

**(a) Initial Merger**

Subject to the terms and conditions of the Merger Agreement, ChaSerg, GDI and Merger Sub 1 shall on the date of Completion, cause the Initial Merger to be consummated by filing a certificate of merger in relation to the Initial Merger to the relevant government authority in the State of California in accordance with California General Corporation Law (the time of such filing, or such later time as may be agreed in writing by GDI and ChaSerg and specified in the certificate of merger in relation to the Initial Merger, being the “**Initial Merger Effective Time**”).

At the Initial Merger Effective Time, Merger Sub 1 merges with and into GDI, such that the separate existence of Merger Sub 1 will cease and GDI will be the surviving entity in the Initial Merger. Upon consummation of the Initial Merger, all the property, rights, privileges, immunities, powers, franchises, licenses and authority of Merger Sub 1 shall vest in, and all the debts, liabilities, obligations, restrictions and duties of Merger Sub 1 shall, by operation of law, be assumed by GDI as the surviving entity in the Initial Merger.

**(b) Second Step Merger**

Immediately after the consummation of the Initial Merger, GDI, the surviving entity in the Initial Merger and Merger Sub 2 shall cause the Second Step Merger to be consummated by filing a certificate of merger in relation to the Second Step Merger to the relevant government authority in the State of California in accordance with California General Corporation Law and the State of Delaware in accordance with Limited Liability Company Act of the State of Delaware (the time of such filing, or such later time as may be agreed in writing by GDI and ChaSerg and specified in the certificate of merger in relation to the Second Step Merger, being the “**Second Step Merger Effective Time**”).

At the Second Step Merger Effective Time, GDI as the surviving entity in the Initial Merger merges with and into Merger Sub 2, such that the separate existence of the surviving entity in the Initial Merger will cease and Merger Sub 2 will be the surviving entity in the Second Step Merger. Upon consummation of the Second Step Merger, all the property, rights, privileges, immunities, powers, franchises, licenses and authority of the surviving entity in the Initial Merger shall vest in, and all the debts, liabilities, obligations, restrictions and duties of the surviving entity in the Initial Merger shall, by operation of law, be assumed by Merger Sub 2 as the surviving entity in the Second Step Merger.

The name of the surviving entity in the Second Step Merger shall be renamed as “Grid Dynamics International LLC”. Upon completion of the Second Step Merger, the surviving entity in the Second Step Merger will be a direct wholly-owned subsidiary of ChaSerg.

The Mergers, taking the form of a two-step merger, seek to optimize the tax treatment in respect of United States tax residents, such that the transactions would fall within tax free reorganization and Consideration Shares allotted to GDI shareholders (including GDD) would not trigger tax liability immediately upon Completion.

**Consideration for the Mergers** : In consideration for the Mergers, each share of GDI Common Stock in issue immediately prior to Completion (other than dissenting shares held by holders voting against the Mergers) will be converted into the right to receive the per GDI Common Stock share consideration (being total number of Consideration Shares divided by the fully diluted number of GDI Common Stock in issue immediately prior to Completion) and the per GDI Common Stock cash consideration (being total cash consideration for the Mergers divided by the fully diluted number of GDI Common Stock in issue immediately prior to Completion), less the amount to be held in escrow as described below. “Fully diluted number of GDI Common Stock in issue immediately prior to Completion” refers to the aggregate number of outstanding shares of GDI Common Stock, taking into account preferred shares in GDI on an as-converted basis and GDI Common Stock underlying outstanding and vested stock options of GDI (i.e. excluding 32,693 unvested stock options and stock options which will be cancelled).

The Merger Consideration (subject to Adjustments) is approximately US\$390.1 million (equivalent to approximately HK\$3,042.8 million), comprising cash consideration of US\$130 million (equivalent to HK\$1,014 million) and 25,523,810 Consideration Shares (being CS Common Stock priced at the CS Signing Stock Price of US\$10.19 (equivalent to HK\$79.48) worth approximately US\$260.1 million (equivalent to approximately HK\$2,028.7 million).

As at the date of this announcement, the Company has approximately 86% equity interest in GDI (taking into account preferred shares in GDI on an as-converted basis) and approximately 72% equity interest in GDI on a fully diluted basis (assuming outstanding and vested stock options of GDI are exercised in full). Based on the Company's interest in GDI on a fully diluted basis, the Merger Consideration (subject to Adjustments) payable to the Company is approximately US\$281 million (equivalent to approximately HK\$2,191.8 million), comprising cash consideration of approximately US\$93.6 million (equivalent to approximately HK\$730.6 million) and 18,390,967 Consideration Shares (being CS Common Stock priced at the CS Signing Stock Price of US\$10.19 each (equivalent to HK\$79.48)) worth approximately US\$187.4 million (equivalent to approximately HK\$1,461.8 million).

The Merger Consideration is subject to Adjustments comprising:

- **Consideration Share Adjustment (“Consideration Share Adjustment”)**: adjustment to the number of Consideration Shares for the Mergers, whereby the number of Consideration Shares to be issued will be adjusted by dividing (A) (i) difference between the target (being US\$10 million (equivalent to HK\$78 million)) and actual (as at the day before Completion) level of working capital, excluding cash and marketable securities accounted for under item (iii) below; (ii) aggregate amount of indebtedness as at the day before Completion (as at the date of this announcement, GDI does not have any outstanding debt); (iii) difference in cash and marketable securities (being investments held by GDI including but not limited to United States treasury bonds and other investment grade bonds) from US\$29 million (equivalent to HK\$226.2 million) (which was determined in the course of negotiating the Merger Consideration with reference to the estimated cash reserves of GDI as at Completion), where adjustment pursuant to this item (iii) is subject to a cap of US\$15 million (equivalent to HK\$117 million) (which was determined with reference to the size of funds earmarked by GDI for potential acquisition should it be able to identify an appropriate acquisition target to complement its business in the same industry which could diversify its customer type prior to Completion. If no such appropriate acquisition target could be finalized, such earmarked fund will constitute “excess cash and marketable securities” under this item (iii) and will be distributed among shareholders of GDI as part of the Consideration Share Adjustment); (iv) US\$1.5 million (equivalent to HK\$11.7 million) for every US\$100,000 shortfall in expected EBITDA of GDI for the financial year ending 31st December 2019 from the target EBITDA of US\$23.8 million (equivalent to approximately HK\$185.6 million); and (v) the Cash Consideration Reallocation Amount (as defined below), by (B) the CS Signing Stock Price of US\$10.19 (equivalent to HK\$79.48); and



- **Cash Consideration Adjustment (“Cash Consideration Adjustment”)**: adjustment to the cash consideration for the Mergers in the event of redemption of funds by ChaSerg Shareholders, whereby the cash consideration will be reduced by, if any, the amount equal to (i) US\$13.5 million multiplied by (ii) (x) US\$223,915,741 (the trust account balance of ChaSerg as at the date of the Merger Agreement, “**ChaSerg Trust Account Balance**”) minus the available cash and cash equivalents of ChaSerg (being the trust account balance of ChaSerg after giving effect to redemption by ChaSerg Shareholders and receipt of any additional equity amount (if any), “**ChaSerg Available Cash**”), divided by (y) 30% of US\$223,915,741 (being the amount of funds redeemed in the event of a 30% redemption by ChaSerg Shareholders) as reflected in the formula below:

$$\text{Cash Consideration Adjustment} = 13,500,000 \times \frac{(\text{ChaSerg Trust Account Balance} - \text{ChaSerg Available Cash})}{(30\% \times \text{ChaSerg Trust Account Balance})}$$

provided that such adjustment sum calculated above (the “**Cash Consideration Reallocation Amount**”) shall never be less than zero or greater than US\$13.5 million (equivalent to HK\$105.3 million), and any such reduction in cash consideration for the Mergers will be taken into account in adjusting the number of Consideration Shares as part of the Consideration Share Adjustment (i.e. any Cash Consideration Adjustment will have the effect of increasing the number of Consideration Shares by virtue of the Consideration Share Adjustment, which is determined by *dividing* Cash Consideration Adjustment by the CS Signing Stock Price of US\$10.19 (equivalent to HK\$79.48)). The upper limit of US\$13.5 million (equivalent to HK\$105.3 million) is determined with reference to, among other things, the cash required for the Company to settle in full the outstanding principal and unpaid interest (as at the expected date of Completion) of the convertible bonds and bank loan assumed by the Company in connection with the acquisition of the GDI Group in 2017 and the tax liability in connection with the Mergers (the “**Relevant Liabilities**”). In other words, should there be 30% redemption of funds by ChaSerg Shareholders and the maximum Cash Consideration Reallocation Amount (i.e. US\$13.5 million (equivalent to HK\$105.3 million)) be settled in Consideration Shares as part of the Consideration Share Adjustment, the cash consideration payable to the Company will be reduced by US\$9.7 million (equivalent to approximately HK\$75.7 million) to approximately US\$83.9 million (equivalent to approximately HK\$654.4 million), which is sufficient to settle in full the Relevant Liabilities.

The Merger Consideration (including the Adjustments) was determined following arm's length negotiation between the Company and ChaSerg, taking into account, among other things; (i) the cost of investment when the Group acquired GDI in 2017, being US\$118 million (equivalent to HK\$920.4 million) on a cash-free and debt-free basis; (ii) in respect of the proportion of cash consideration and share consideration for the Mergers, the cash amount required for the Company to pay off the Relevant Liabilities; (iii) the historical performance of GDI, including but not limited to its past financial performance (please refer to the section headed "General Information - Information on GDI" below for profit of GDI for the two financial years ended 31st December 2018 and the six months ended 30th June 2019); (iii) business prospects of GDI, such as business opportunities in the industry and the growth trends and cost structure of GDI; and (iv) prevailing market conditions, including the valuation metrics (such as price to earnings (P/E) and enterprise value to EBITDA (EV/EBITDA) multiples) of publicly listed comparables.

**Treatment of  
outstanding  
stock options  
of GDI**

: GDI shall terminate the share option scheme of GDI adopted on 21st December 2018 upon Completion pursuant to the terms of the scheme.

- (a) Any outstanding and vested stock options of GDI will be (i) assumed as to approximately 66.7% by ChaSerg and converted into options to purchase CS Common Stock (the "**CS Common Stock Options**") on substantially similar terms (including rules on their forfeiture); and (ii) cashed out as to approximately 33.3% immediately prior to Completion. The proportion of outstanding and vested stock options of GDI to be assumed by ChaSerg is equal to (i) the total value of Consideration Shares divided by (ii) the Merger Consideration (the "**Assumed Portion**").

The Assumed Portion is commercially agreed based on the formula above such that holders of outstanding and vested GDI options receive cash consideration and Consideration Shares (upon exercise of the relevant CS Common Stock Options) in the same proportion as GDI shareholders under the Mergers. The Assumed Portion of each GDI option shall be assumed by ChaSerg and automatically converted into an option (each, an "**Assumed Option**") to purchase shares of CS Common Stock.

In summary, each Assumed Option will continue to be subject to substantially the same terms and conditions (including vesting and forfeiture) as applied to the Assumed Option immediately before the Initial Merger Effective Time, after giving effect to any accelerated vesting in connection with the Completion.

- (b) Any unvested stock options of GDI will be assumed by ChaSerg and converted into CS Common Stock Options on substantially similar terms (including vesting and forfeiture).



- Conditions precedent to the Merger Agreement** : (a) **Conditions precedent in respect of all parties to the Merger Agreement**
- The obligations of each party to consummate the Mergers shall be subject to the following conditions:
- (i) the Merger Agreement having been duly adopted and the Mergers having been approved by holders of GDI Common Stock and GDI preferred shares;
  - (ii) certain matters having been approved by the ChaSerg Shareholders, being (A) the Merger Agreement and transactions contemplated thereunder; (B) the issuance of Consideration Shares; (C) certain amendments to the charter of ChaSerg (primarily to align the charter of ChaSerg with market standard provisions typical of a public company listed on Nasdaq, such as removing mandatory dissolution provisions for special purpose acquisition companies, incorporating standard provisions regarding the election of directors and convening meetings of the board and stockholders); (D) adoption of an equity incentive plan in respect of CS Common Stock (to continue to align interests of management team with that of shareholders of ChaSerg upon Completion); (E) appointment of and designation of members of the board and board committees of ChaSerg; and (F) such other matters as considered necessary to effect the Mergers (the “**Required Approval Matters**”);
  - (iii) the Merger Agreement and the Mergers having been approved by shareholders of Teamsun and the Company, respectively;
  - (iv) no governmental authority having enacted, issued, promulgated, enforced or entered any order which is in effect and has the effect of making the transactions contemplated under the Merger Agreement illegal, otherwise restraining or prohibiting consummation of any material transactions or causing any of the material transactions contemplated under the Merger Agreement to be rescinded following completion thereof;
  - (v) each of the Company, GDI, Teamsun and ChaSerg having obtained the necessary third party consents and authorizations (including approvals from government authorities and securities exchanges) in respect of the Mergers and no such consents and authorizations having been revoked;
  - (vi) no action having been commenced against GDI, ChaSerg, Merger Sub 1 or Merger Sub 2 which would prevent consummation of the Mergers;

- (vii) ChaSerg having net tangible assets equal to or greater than US\$5,000,001 immediately prior to Completion; and
- (viii) after giving effect to redemption by shareholders of ChaSerg and receipt of any additional equity amount (if any), the funds remaining in the trust account of ChaSerg is not less than 70% of the trust account balance at the time of signing of the Merger Agreement.

**(b) Additional conditions precedent in respect of ChaSerg, Merger Sub 1 and Merger Sub 2**

The obligations of ChaSerg, Merger Sub 1 and Merger Sub 2 to consummate the Mergers shall be subject to the following additional conditions:

- (i) the representations and warranties of GDI having remained true and correct in all respects (in respect of representations or warranties qualified by materiality or material adverse effect) or all material respects (in respect of other representations or warranties) on and as of the date of the Merger Agreement and the date of Completion;
- (ii) GDI having performed and complied in all material respects with agreements, covenants and conditions specified in the Merger Agreement;
- (iii) there not having occurred material adverse effect from 31st December 2018;
- (iv) GDI having delivered the closing deliverables in accordance with the Merger Agreement;
- (v) holders of no more than 10% of the outstanding GDI Common Stock having exercised or remained entitled to exercise statutory appraisal rights (under California law, after the Mergers have been approved, a GDI shareholder who has voted against or abstained from voting on the Mergers can in writing demand GDI to purchase GDI Common Stock held by the relevant GDI shareholder at the estimated fair market value (as at the date before the announcement of the Mergers), which the GDI shareholder can apply for appraisal in court if the GDI Shareholder does not agree with the number of eligible GDI Common Stock or price as determined and notified by ChaSerg);
- (vi) certain key executives and at least six of the key employees having executed and not rescinded their employment agreements and not resigned or otherwise terminated their employment or indicated any intention to do so;

- (vii) GDI having delivered evidence reasonably satisfactory to ChaSerg that shareholders' approval pursuant to Section 280G(b)(5)(B) of the Internal Revenue Code and Treasury Regulations thereunder has been obtained;
- (viii) GDI having delivered a statement and evidence reasonably satisfactory to ChaSerg to demonstrate that the cash and cash equivalents held by GDI is not less than US\$20,000,000; and
- (ix) certain amendments to the charter of GDI having been approved (primarily to provide for the conversion of GDI preferred shares into GDI Common Stock).

(c) **Additional conditions precedent in respect of GDI**

The obligations of GDI to consummate the Mergers shall be subject to the following additional conditions:

- (i) the representations and warranties of ChaSerg, Merger Sub 1 and Merger Sub 2 having remained true and correct in all respects (in respect of representations or warranties qualified by materiality or material adverse effect) or all material respects (in respect of other representations or warranties) on and as of the date of the Merger Agreement and the date of Completion;
- (ii) ChaSerg, Merger Sub 1 and Merger Sub 2 having performed and complied with agreements, covenants and conditions specified in the Merger Agreement in all respects (in respect of agreements, covenants and conditions qualified by materiality) or all material respects (in respect of other agreements, covenants and conditions);
- (iii) ChaSerg having delivered the closing deliverables in accordance with the Merger Agreement;
- (iv) the board of directors of ChaSerg having taken all necessary and appropriate actions to adopt and approve an equity incentive plan in respect of CS Common Stock; and
- (v) the designated directors having been appointed to the board of directors of ChaSerg.

Completion shall take place no later than three business days from the satisfaction or waiver of the conditions precedent to the Merger Agreement, or such other time and date as GDI and ChaSerg may agree in writing.

- Lock-up** : Each of the shareholders of GDI shall enter into the agreed form of a lock-up agreement (the ‘**Lock-up Agreement**’) pursuant to which the shareholders of GDI shall (subject to certain permitted transfers) agree not to transfer CS Common Stock to be received under the Merger Agreement until the earlier of, among other things, (i) end of a one-year period from the Completion; and (ii) end of any 30-trading day period during which the share price of CS Common Stock exceeds US\$12 for 20 trading days, the first day of which commences after 150 days from the Completion.
- The Company, being one of the shareholders of GDI, is also bound by the Lock-up Agreement.
- Amended and restated registration rights agreement** : It is expected that the Company, ChaSerg, ChaSerg Sponsor and other shareholders of GDI (including the relevant subsidiaries of the Company) will enter into an amended and restated registration rights agreement upon Completion, pursuant to which, amongst other things, ChaSerg will use its commercially reasonable efforts to effect shelf registration for potential resale of certain securities in ChaSerg (including CS Common Stock) after Completion or upon the request of holders of at least a majority of the Company’s interest in ChaSerg in respect of securities in ChaSerg which have not been registered. The shelf registration is intended to allow holders of CS Common Stock including ChaSerg Sponsor to sell CS Common Stock in the market without having to comply with applicable prospectus requirements for each transaction.
- For the avoidance of doubt, the right of resale by the Company will be subject to the Lock-up Agreement stated above.
- Escrow arrangement** : It is expected that the Company will enter into an escrow agreement with ChaSerg and Continental Stock Transfer & Trust Company, an escrow agent independent of the Company, upon Completion, pursuant to which 857,143 Consideration Shares will be held in escrow for the settlement of any post-Completion adjustments.
- Voting undertaking** : The Company has undertaken to vote in favour of the Mergers and the Proposed Spin-off at the general meeting of GDD or by written consent of the shareholders of GDD, subject to Independent Shareholders’ approval to be obtained at the SGM.
- Teamsun Technology (HK) Limited, a subsidiary of Teamsun and a direct controlling Shareholder, has also undertaken to vote in favour of the Mergers and the Proposed Spin-off at the SGM.

- Termination** : The Merger Agreement may be terminated at any time prior to Completion:
- (a) by written consent between GDI and ChaSerg;
  - (b) by GDI or ChaSerg if there shall be any law, regulation, order, judgment or treaty that makes consummation of the transactions contemplated by the Merger Agreement illegal or otherwise prohibited or any governmental authority shall have issued an order restraining or enjoining the transactions contemplated by the Merger Agreement, and such order shall have become final and non-appealable;
  - (c) by GDI if:
    - (i) without any material breach on the part of GDI, there has been a breach of representation, warranty, covenant or agreement made by ChaSerg, Merger Sub 1 or Merger Sub 2 which (A) would result in failure to satisfy certain conditions precedent to the Merger Agreement; and (B) such breach has not been cured by ChaSerg, Merger Sub 1 or Merger Sub 2 within 30 days of ChaSerg, Merger Sub 1 or Merger Sub 2's receipt of notice of breach;
    - (ii) without any breach on the part of GDI, it has become apparent that certain conditions precedent to the Merger Agreement have not been or will not be fulfilled by 30th June 2020 (or such other date as extended in accordance with the Merger Agreement);
  - (d) by ChaSerg if:
    - (i) without any material breach on the part of ChaSerg, Merger Sub 1 and Merger Sub 2, there has been a breach of representation, warranty, covenant or agreement made by GDI which (A) would result in failure to satisfy certain conditions precedent to the Merger Agreement; and (B) such breach has not been cured by GDI within 30 days of the Company's receipt of notice of breach; or
    - (ii) without any breach on the part of ChaSerg, it has become apparent that certain conditions precedent to the Merger Agreement have not been or will not be fulfilled by 30th June 2020 (or such other date as extended in accordance with the Merger Agreement);
  - (e) by either ChaSerg or GDI, if ChaSerg's stockholders have duly voted at its extraordinary general meeting and the requisite vote for approving the Required Approval Matters was not obtained;

- (f) by ChaSerg if the written consent evidencing the requisite vote or consent of GDI's shareholders for adopting the Merger Agreement and approving the transactions contemplated thereunder is not delivered to ChaSerg and GDI within two business days following the receipt of the requisite vote of the Shareholders of the Company;
- (g) (i) by ChaSerg if the shareholder meeting of the Company has concluded, the holders of the Company's shares have duly voted, and approval of the Merger Agreement and the transactions contemplated thereunder was not obtained; (ii) by GDI at any time following 30 days after the shareholder meeting of the Company, if the holders of the Company's shares have duly voted, and approval of the Merger Agreement and the transactions contemplated thereunder was not obtained at or following the meeting; (iii) by ChaSerg or GDI if the shareholder meeting of Teamsun has concluded, the holders of Teamsun's shares have duly voted, and approval of the Merger Agreement and the transactions contemplated hereby was not obtained; or (iv) by ChaSerg if either the shareholder meeting of Teamsun or the shareholder meeting of the Company has not been held by 31st May 2020;
- (h) by the Company but no earlier than 30th June 2020 if, after giving effect to redemption by shareholders of ChaSerg and receipt of any additional equity amount (if any), the funds remaining in the trust account of ChaSerg is less than 70% of the trust account balance at the time of signing of the Merger Agreement; or
- (i) by the Company if Completion would result in the Company holding more than 50% of the outstanding CS Common Stock.

### **Stockholders' agreement**

In connection with the Mergers, it is expected that the Company, GDD, ChaSerg Sponsor and GDI will enter into a stockholders' agreement to provide for the rights and obligations of the parties as shareholders of ChaSerg upon Completion with respect to, among other things, management and operations of ChaSerg.

Pursuant to the stockholders' agreement, the Company will be entitled to appoint up to two directors of ChaSerg (who will serve as non-executive directors) as long as the Company beneficially owns 10% or more of the voting shares in ChaSerg and one director of ChaSerg as long as the Company beneficially owns not less than 5% but less than 10% of the voting shares in ChaSerg. The Company will also have an exclusive right to remove its nominated director(s) on the board of ChaSerg. It is currently contemplated that the board of directors of ChaSerg will comprise eight directors.

### **Put option in respect of GDI shares previously granted to BGV Opportunity Fund LP**

Reference is made to the announcement of the Company dated 6th May 2019.

In connection with the subscription of 622,027 GDI Common Stock and 622,027 Series A preferred shares in GDI by BGV Opportunity Fund LP, the Company granted a put option to BGV Opportunity Fund LP pursuant to which BGV Opportunity Fund LP shall have the right to require the Company to purchase all or part of the former's GDI securities at an amount equal to the original subscription price plus interest in the event the Board resolves not to proceed with an initial public offering of shares in GDI in the United States within three years. The put option shall terminate at the earlier of the closing of an initial public offering of GDI and the third anniversary of the date of grant.



Upon Completion, GDI will become a wholly-owned subsidiary of ChaSerg, thereby effecting the separate listing of GDI on Nasdaq. Accordingly, the put option will terminate upon Completion.

## **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 ChaSerg, Merger Sub 1 and Merger Sub 2**

ChaSerg is a blank check company formed under the laws of the State of Delaware of the United States on 21st May 2018, whose shares are listed on Nasdaq on 10th October 2018 with ticker symbol “CTAC”. It was formed for the sole purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. Prior to its initial public offering, ChaSerg’s efforts were limited to organizational activities as well as activities related to the offering. As at the date of this announcement, ChaSerg is an investment holding company and has no business operations. Upon Completion, ChaSerg will change its name to “Grid Dynamics Holdings, Inc.” and serve as the publicly traded entity owning GDI, which will continue to operate business of the GDI Group.

For the period from 21st May 2018 (date of incorporation) to 31st December 2018, the audited net profit before and after tax of ChaSerg, prepared in accordance with the United States Generally Accepted Accounting Principles, amounted to approximately US\$832,741 (equivalent to approximately HK\$6,495,380) and US\$615,364 (equivalent to approximately HK\$4,799,839), respectively. As at 30th June 2019, the unaudited net assets of ChaSerg amounted to approximately US\$215,712,992 (equivalent to approximately HK\$1,682,561,338). The assets owned by ChaSerg comprise cash and marketable securities held in a trust account. The funds originated from the investors in the initial public offering of ChaSerg and subscription monies are held on trust pending (i) identification and consummation of a business combination (e.g. the Mergers); or (ii) redemption by ChaSerg Shareholders depending on whether they are inclined to continue with their holding of CS Common Stock considering, amongst other things, the subject of the business combination (e.g. GDI).

As at the date of this announcement, ChaSerg has 22,640,000 CS Common Stock outstanding and, other than ChaSerg Sponsor, no investor holds sufficient stock to trigger a Schedule 13-D filing obligation and ChaSerg does not have information on other current shareholders of ChaSerg as CS Common Stock are traded on Nasdaq. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of ChaSerg, Merger Sub 1, Merger Sub 2 and ChaSerg Sponsor are third parties independent of the Company and its connected persons.

As part of the initial public offering of CS Common Stock, certain shareholders of ChaSerg as well as the underwriter have been granted a total of 11.3 million ChaSerg warrants, which may result in an additional issuance of up to 11.3 million CS Common Stock (the “**Additional Share Issue**”).

Assuming (i) there is no Consideration Share Adjustment; (ii) there is no change in shareholding interest of the Company in GDI from the date of this announcement to the date of Completion; and (iii) there is no other change in the number of shares of CS Common Stock outstanding from the date of this announcement to the date of Completion, and further assuming that (**Scenario A**) there is 30% redemption of funds by ChaSerg Shareholders and Consideration Share Adjustment (in respect of the Cash Consideration Reallocation Amount), where an increase in redemption of funds has the effect of increasing the Company's shareholding in ChaSerg (taking into account the condition to Completion that the trust account balance of ChaSerg immediately before Completion should be no less than 70% of the balance as at the date of the Merger Agreement); (**Scenario B**) *Scenario A* and Consideration Share Adjustment of US\$92.8 million (equivalent to HK\$723.8 million), to illustrate the Company's maximum shareholding in ChaSerg (taking into account the Company's right to terminate the Merger Agreement should Completion result in the Company holding more than 50% of the outstanding CS Common Stock); (**Scenario C**) (x) there is no redemption, and (y) all outstanding and vested stock options of GDI convertible into CS Common Stock have been exercised (i.e. excluding 32,693 unvested stock options), where the allotment and issue of CS Common Stock upon the exercise of such outstanding and vested stock options of GDI has the effect of reducing the Company's shareholding in ChaSerg; (**Scenario D**), *Scenario C* and completion of the Additional Share Issue, where the allotment and issue of CS Common Stock upon exercise of ChaSerg warrants has the effect of reducing the Company's shareholding in ChaSerg, the shareholding structure of ChaSerg immediately after Completion will be as follows:

	Scenario A (30% redemption)		Scenario B (30% redemption and Consideration Share Adjustment of US\$92.8 million)		Scenario C (no redemption and full exercise of vested stock options of GDI)		Scenario D (no redemption, full exercise of vested stock options of GDI and completion of the Additional Share Issue)	
ChaSerg Shareholder	CS Common Stock	Percentage of outstanding CS Common Stock	CS Common Stock	Percentage of outstanding Common CS Stock	Common CS Stock	Percentage of outstanding Common CS Stock	CS Common Stock	Percentage of outstanding CS Common Stock
GDD	19,317,377	43.9	25,685,592	49.9	18,390,967	34.3	18,390,967	28.3
GDI Minority Shareholders	3,162,537	7.2	4,205,106	8.2	7,132,843	13.3	7,132,843	11.0
Other shareholders (including ChaSerg Sponsor)	21,540,000	48.9	21,540,000	41.9	28,140,000	52.4	39,460,000	60.7
Total	<u>44,019,914</u>	<u>100.0</u>	<u>51,430,698</u>	<u>100.0</u>	<u>53,663,810</u>	<u>100.0</u>	<u>64,983,810</u>	<u>100.0</u>

As shown in the table above, in the event of 30% redemption of funds by ChaSerg Shareholders (i.e. Scenario A), the Company's shareholding in ChaSerg is expected to be approximately 44%. Should Scenario A concur with a positive Consideration Share Adjustment (e.g. Scenario B), the shareholding of the Company will be further increased as the number of Consideration Shares increases, subject to the Company's termination right should Completion result in the Company holding more than 50% of the outstanding CS Common Stock (which the Company will exercise). Accordingly, the Company's shareholding in ChaSerg will not exceed 50% and the Company expects to account for the results of ChaSerg as an associate (i.e. not less than 20% shareholding in ChaSerg) in the results of the Remaining Group upon Completion.

Merger Sub 1 is a company formed under the laws of the State of California of the United States and is a wholly-owned subsidiary of ChaSerg as at the date of this announcement. As at the date of this announcement, Merger Sub 1 is an investment holding company and has no business operations.

Merger Sub 2 is a company formed under the laws of the State of Delaware of the United States and is a wholly-owned subsidiary of Merger Sub 1 as at the date of this announcement. As at the date of this announcement, Merger Sub 2 is an investment holding company and does not business operations.

### Information on GDI

GDI is a corporation incorporated in the State of California of the United States and an approximately 86%-owned subsidiary of the Company (taking into account preferred shares in GDI on an as-converted basis) as at the date of this announcement. GDI is a provider of open, scalable, next-generation information 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 financial information of GDI for the two financial years ended 31st December 2017 and 31st December 2018 and the six months ended 30th June 2019 prepared based on the United States Generally Accepted Accounting Principles:

	For the year ended 31st December 2017 US\$ ( <i>unaudited</i> )	For the year ended 31st December 2018 US\$ ( <i>unaudited</i> )	For the six months ended 30th June 2019 US\$ ( <i>unaudited</i> )
Net profit before taxation	11,422,551 (equivalent to approximately HK\$89,095,898)	14,422,087 (equivalent to approximately HK\$112,492,279)	6,166,329 (equivalent to approximately HK\$48,097,366)
Net profit after taxation	9,389,384 (equivalent to approximately HK\$73,237,195)	10,229,699 (equivalent to approximately HK\$79,791,652)	4,767,426 (equivalent to approximately HK\$37,185,923)

The unaudited net asset value of GDI was approximately US\$55,676,612 (equivalent to approximately HK\$434,277,574) as at 30th June 2019.

### 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.

### REASONS FOR AND BENEFITS OF THE MERGERS AND PROPOSED SPIN-OFF AND USE OF PROCEEDS

The Company consider that the Mergers and Proposed Spin-off come with the following benefits:

- **Improving the liquidity position of the Remaining Group:** When the Company acquired GDI in 2017, the Company obtained debt financing (in the form of bank loan and convertible bonds) to settle the consideration for GDI. On or about the expected date of Completion, the outstanding principal amount and interest in respect of the debt financing assumed in connection with the acquisition of GDI is estimated to be approximately HK\$456.5 million. The Company intends to use the cash consideration for the Mergers for repaying the Relevant Liabilities and general working capital. After repayment of the bank loan and convertible bonds, the gearing of the Company will be significantly reduced and it is anticipated that this would be favourable to the share price and market valuation of the Company.
- **Unlocking the value of GDI:** The Company believes that its share price has not been able to reflect the underlying value of GDI. The Proposed Spin-off values GDI at approximately US\$390.1 million (equivalent to approximately HK\$3,042.8 million), which is significantly higher than the Company's current market capitalization of approximately HK\$900 million. It is expected that the Company would record a gain (net of estimated tax) of approximately US\$88.5 million (equivalent to approximately HK\$690.3 million).

- **Reducing future capital commitment expected from the Remaining Group:** Upon listing on Nasdaq, GDI would have significant cash (approximately US\$80 million, equivalent to approximately HK\$624 million) from ChaSerg and CS Common Stock would be publicly traded equity, both of which could be used for future acquisitions by GDI. The Proposed Spin-off will also enhance the profile of GDI and allow GDI to grow its investor base and independently access equity and debt capital markets in the United States.

The Company believes that the cash injection from ChaSerg, coupled with GDI's direct access to the capital market, will reduce GDI's future reliance on the Remaining Group to finance GDI's R&D and business investment.

- **Boosting publicity:** Nasdaq is known to be a stock exchange with a focus on tech companies, and multiple tech giants including Amazon, Apple, Facebook and Google are listed on Nasdaq. The Company believes that the listing of GDI on Nasdaq will strengthen GDI's reputation in the IT sector which would in turn support its future business growth and fundraising capability. This will also benefit the Company as a significant shareholder of GDI immediately after the Proposed Spin-off.
- **Facilitating expansion into sensitive industries:** Upon its listing on Nasdaq, it is expected that disclosure in accordance with Nasdaq requirements would enhance the corporate transparency of GDI and boost public confidence in GDI. Coupled with the reduction in Teamsun's interest in GDI following the Proposed Spin-off, the Company believes the Proposed Spin-off will facilitate GDI's potential expansion into sensitive industries in the United States, e.g. social media, financial institutions, insurance and healthcare, thereby creating a new market for GDI future growth. The Company will continue to benefit from the growth of GDI's business as a shareholder and enjoy returns on its investment in GDI.

Having considered the above, the Directors (excluding the independent non-executive Directors who will form their view after obtaining and considering the advice from the independent financial adviser) are of the view that the terms of the Merger Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL IMPACT OF THE MERGERS AND PROPOSED SPIN-OFF

As at the date of the announcement, the Company is interested in approximately 86% of the equity interest in GDI (taking into account preferred shares in GDI on an as-converted basis). Immediately after Completion, the Company through its wholly-owned subsidiary, GDD, will be interested in approximately 34% of the issued share capital of ChaSerg (assuming (i) there is no redemption of funds by ChaSerg shareholders; (ii) there is no adjustment to the Merger Consideration; (iii) there is no change in shareholding interest of the Company in GDI from the date of this announcement to the date of Completion; (iv) all outstanding and vested stock options of GDI convertible into CS Common Stock have been exercised; (v) outstanding ChaSerg warrants have not been exercised (as they are out of the money as at the date of this announcement); and (vi) there is no other change in the number of CS Common Stock from the date of this announcement to the date of Completion) and GDI will cease to be a subsidiary of the Company. It is expected that the Company would record a gain (net of estimated tax) of approximately US\$88.5 million (equivalent to approximately HK\$690.3 million) and account for the results of ChaSerg as an associate (i.e. not less than 20% shareholding in ChaSerg) in the results of the Remaining Group upon Completion.



The above gain (net of estimated tax) of approximately US\$88.5 million (equivalent to approximately HK\$690.3 million) is calculated based on the Merger Consideration which the Company expected to receive and after deducting (i) the estimated net asset of the GDI Group attributable to equity holders of the Company immediately before the Completion, (ii) the goodwill arising from acquisition of the GDI Group, and (iii) the estimated tax liability in connection with the Mergers. Shareholders should note that the actual gain from the disposal of the GDI Group to be recorded by the Company will depend on the final amount of Merger Consideration and the financial position of the GDI Group as at the date of Completion.

As disclosed above, the Company has a right to terminate the Merger Agreement if the available cash in the trust account of ChaSerg is less than 70% of the balance as at the date of the Merger Agreement. Assuming that ChaSerg Available Cash is 70% of the balance as at the date of the Merger Agreement (i.e. “net” redemption of 30%, as a result of redemption of funds by ChaSerg Shareholders which is offset by additional equity subscription), the Cash Consideration Adjustment would reduce cash consideration payable to the Company to approximately US\$83.9 million (equivalent to approximately HK\$654.8 million). Taking into account (i) the amount required to settle in full the outstanding principal and unpaid interest of the convertible bonds and bank loan assumed by the Company in connection with the acquisition of GDI in 2017 and the tax liability in connection with the Mergers (which is expected to be approximately 25% of the cash consideration payable to the Company) (i.e. the Relevant Liabilities); (ii) the lowest expected cash consideration payable to the Company as set out above (i.e. US\$83.9 million (equivalent to approximately HK\$654.8 million); and (iii) the Company’s undertaking to exercise its termination right if the ChaSerg Available Cash is less than 70% of the balance as at the date of the Merger Agreement, the Proposed Spin-off will only proceed to Completion if it results in a net positive impact on the cash position of the Company immediately after Completion.

## **ASSURED ENTITLEMENT**

Under Paragraph 3(f) of PN15, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spin-off entity, either by way of a distribution in specie of existing shares in the spin-off entity or by way of preferred application in any offering of existing or new shares in the spin-off entity.

As mentioned above, ChaSerg is a company the shares of which are currently listed on Nasdaq with ticker symbol “CTAC”. The Proposed Spin-off does not involve a new listing application of ChaSerg and there will not be any public offering of new CS Common Stock. If ChaSerg were to facilitate preferred application for new CS Common Stock by Shareholders, it would necessitate a substantial change to the United States securities law compliance regime contemplated by the parties. If ChaSerg were required to extend the offering to the Shareholders, this will be deemed to be a public offering under United States laws given the potentially large number of offerees. Accordingly, such sale of CS Common Stock would be subject to regulatory registration requirements with the United States Securities and Exchange Commission (“SEC”) which could further delay the Proposed Spin-off as well as result in the addition of significant costs.

Further, given ChaSerg will not have scrip shares and the shares issued to any investor will be by way of a book entry system in the US, Shareholders will have to coordinate with United States securities firms which either have an account directly with the book entry settlement system or have an arrangement in place with a firm that has an account with such settlement system. To coordinate Shareholders to establish such accounts in order to participate in any such offering or distribution in specie of CS Common Stock and taking into account possible jurisdictional compliance requirements in other countries where some Shareholders are from in connection with such distribution in specie, the process to verify the identities and shareholdings of such large number of shareholders would as a whole be unduly burdensome to the Company.



Having considered the above, the Board does not believe that the requirement to provide assured entitlement is practicable in the circumstances nor in the interest of the Shareholders as a whole. To do so would incur significant delay to the proposed timetable and substantial costs to be incurred in order to process such arrangements. This would result in the loss of an opportunity to secure what the Company believes to be a transaction which would be in the best interest of the Company and the Shareholders as a whole.

Accordingly, the Company proposes to put forth a resolution to Shareholders at the SGM to waive the assured entitlement under the Proposed Spin-off and the controlling Shareholder will abstain from voting on such resolution.

## **LISTING RULES IMPLICATIONS**

The injection of GDI into ChaSerg by way of the Mergers pursuant to the Merger Agreement constitutes a spin-off which is subject to the applicable requirements in PN15. The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

As one or more applicable percentage ratios under the Listing Rules in respect of the Mergers and the Proposed Spin-off exceed 75% and 100%, respectively, the Mergers and the Proposed Spin-off constitute a very substantial disposal (in respect of the disposal of GDI by the Company) and very substantial acquisition (in respect of the acquisition of CS Common Stock by the Company as share consideration for the Mergers) of the Company under Chapter 14 of the Listing Rules. Accordingly, the Mergers and the Proposed Spin-off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **SGM**

The Company will convene an SGM to seek Independent Shareholders' approval on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. All Shareholders who have a material interest (which is different from all other Shareholders) in any of the transactions contemplated by the Mergers and the Proposed Spin-off, together with their close associates (as defined in the Listing Rules), will be required to abstain from voting at the SGM. As none of the Shareholders has a material interest in the transactions contemplated by the Mergers and the Proposed Spin-off, none of the Shareholders is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM, save that the controlling Shareholder is required to abstain from voting on the resolution to waive the assured entitlement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Or Siu Ching, Rerina to advise the Independent Shareholders on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the Mergers, the Proposed Spin-off and the transactions contemplated thereunder.

BaoQiao Partners Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Mergers, the Proposed Spin-off and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Mergers, the Proposed Spin-off and the transactions contemplated thereunder after obtaining and considering the advice from the independent financial adviser.

A circular containing, among other things, (i) further details of the Mergers and the Proposed Spin-off; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Mergers and the Proposed Spin-off; (iii) a letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Mergers and the Proposed Spin-off; and (iv) a notice of the SGM and a form of proxy, is expected to be dispatched to the Shareholders on or before 31st December 2019 as the Company needs more time to prepare and finalize information to be included in the circular.

**Shareholders and potential investors in the Company should note that the consummation of the Mergers is subject to the fulfilment of certain conditions, including, among other things, the approval of the Shareholders, Teamsun and shareholders of GDI, and that the Merger Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Mergers will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Adjustments”	Cash Consideration Adjustment and Consideration Share Adjustment
“Board”	the board of Directors
“ChaSerg”	ChaSerg Technology Acquisition Corp., a company incorporated in the State of Delaware of the United States with limited liability, and its CS Common Stock are listed on Nasdaq with ticker symbol “CTAC”
“ChaSerg Shareholders”	shareholders of ChaSerg
“ChaSerg Sponsor”	ChaSerg Technology Sponsor LLC, a company incorporated in the state of Delaware of the United States with limited liability, which acted as the sponsor of the initial public offering of ChaSerg
“CS Common Stock”	Class A common stock in ChaSerg
“CS Signing Stock Price”	the closing price of CS Common Stock as at the date immediately preceding the date of the Merger Agreement, being US\$10.19 (equivalent to HK\$79.48)
“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)
“Completion”	consummation of the Mergers in accordance with the terms of the Merger Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration Share(s)”	CS Common Stock to be allotted and issued to shareholders of GDI pursuant to the Merger Agreement upon Completion
“Directors”	the directors of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortization
“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
“GDI”	Grid Dynamics International, Inc., a corporation incorporated in the State of California of the United States and an approximately 86%-owned subsidiary of the Company as at the date of this announcement (taking into account preferred shares in GDI on an as-converted basis)
“GDI Common Stock”	common stock in GDI
“GDI Group”	GDI and its subsidiaries
“GDI Minority Shareholders”	(i) VLSK2019 LLC, an associate of Victoria Livschitz, a director, the founder and chief technology officer of GDI; (ii) Zhang Shuo, a director of GDI; (iii) BGV Opportunity Fund LP, an associate of Eric Benhamou, a director of GDI; and (iv) holders of outstanding and vested stock options of GDI
“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 China
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders in relation to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Mergers) and the Proposed Spin-off
“Initial Merger”	a business combination transaction by which Merger Sub 1 merges with and into GDI with GDI being the surviving entity of such merger
“Independent Shareholder(s)”	Shareholders other than those who are required under the Listing Rules to abstain from voting at the SGM for the resolution(s) approving the Merger Agreement and the transactions contemplated thereunder (including the Mergers) and the Proposed Spin-off

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Merger Agreement”	the agreement dated 13th November 2019 entered into among ChaSerg, Merger Sub 1, Merger Sub 2, GDI and the Company in relation to the Mergers
“Merger Consideration”	consideration for the Mergers, comprising cash consideration of US\$130 million (equivalent to HK\$1,014 million) and 25,523,810 Consideration Shares, subject to Adjustments
“Merger Sub 1”	CS Merger Sub 1 Inc., a corporation incorporated in the State of California of the United States with limited liability and a wholly-owned subsidiary of ChaSerg
“Merger Sub 2”	CS Merger Sub 2 LLC, a limited liability company formed in the State of Delaware of the United States and a wholly-owned subsidiary of ChaSerg
“Mergers”	the Initial Merger and the Second Step Merger
“Nasdaq”	National Association of Securities Dealers Automated Quotations capital market
“PN 15”	Practice Note 15 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, which of the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Proposed Spin-off”	the proposed disposal of GDI by way of the Mergers pursuant to the terms of the Merger Agreement, thereby effecting the separate listing of GDI on Nasdaq
“Remaining Group”	the Group, excluding the GDI Group, upon Completion
“Second Step Merger”	a business combination transaction by which, immediately after the consummation of the Initial Merger, GDI merges with and into Merger Sub 2 with Merger Sub 2 being the surviving entity of such merger
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Merger Agreement and the transactions contemplated thereunder (including the Mergers) and the Proposed Spin-off
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or such other nominal amount as shall result from a sub-division, consolidation, reclassification, or reconstruction of the share capital of the Company, from time to time)

“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Teamsun”	Beijing Teamsun Technology Co., Ltd. (北京華勝天成科技股份有限公司), the ultimate holding company of the Company
“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\$7.8 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, 13th November 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.*