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## **AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 771)**

**(1) PROPOSED PLACING OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE  
AND  
(2) INCREASE IN AUTHORISED SHARE CAPITAL**

**Financial Advisor**



**Placing Agent**



### **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 12th January 2017 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, Placee(s) to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$350,000,000 at the initial Conversion Price of HK\$1.20.

Assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the Conversion Price without adjustment, a maximum of 291,666,666 Conversion Shares will be issued. Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing, the gross and net proceeds from the Placing are estimated to be HK\$350,000,000 and approximately HK\$345,968,000 respectively. Therefore, assuming the Convertible Bonds are fully placed and the conversion rights of all the Convertible Bonds are exercised, the net price for the Placing is approximately HK\$1.186 per Conversion Share.

The net proceeds from the Placing are intended to be applied in the following manner:

- (i) approximately 90% for financing the Acquisition. As the consummation of the Acquisition is subject to the fulfilment of certain conditions (the details of which are set out in the announcement of the Company dated 19th December 2016), in the event that completion of the Acquisition does not take place, such portion of the net proceeds may be applied to financing future acquisition that the Company may conduct. As at the date of this announcement, the Company has not identified any specific target for such acquisition and the Company will closely monitor the potential development of the business of the Group and the market; and
- (ii) approximately 10% as general working capital of the Group.

The Placing is conditional upon, inter alia, the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion right attaching to the Convertible Bonds; the Increase in Authorised Share Capital; and the Shareholders having passed an ordinary resolution at the SGM approving the Placing Agreement and the transactions contemplated hereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares, in compliance with the requirements of the Listing Rules.

#### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorised share capital of the Company from HK\$60,000,000 divided into 600,000,000 Shares to HK\$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 400,000,000 Shares, which shall rank pari passu with all other Shares in issue as at the date on which the conversion rights to be attached to the Convertible Bonds are exercised and be entitled to all dividends, bonus and other distributions on the record date of which falls on a date on or after such conversion date. The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution at the SGM by the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital.

## **GENERAL**

The Conversion Shares will be issued under the Specific Mandate to be sought at the SGM. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Increase in Authorised Share Capital.

## **LISTING RULE IMPLICATIONS**

A circular containing, among other things, further details of the Placing Agreement, the Specific Mandate, the Increase in Authorised Share Capital and the notice of SGM will be despatched to the Shareholders as soon as possible.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

### **THE PLACING AGREEMENT**

**Date:** 12th January 2017 (after trading hours)

**Issuer:** The Company

**Placing Agent:** GF Securities (Hong Kong) Brokerage Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best efforts basis, Placee(s) to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$350,000,000 at the initial Conversion Price of HK\$1.20 due on the third anniversary of the date of issue, with the conversion rights to convert at the Conversion Price per Conversion Share.

## **Conditions precedent**

Completion of subscription of the Convertible Bonds is conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion right attaching to the Convertible Bonds;
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds);
- (c) the Increase in Authorised Share Capital;
- (d) the Shareholders having passed an ordinary resolution at the SGM approving the Placing Agreement and the transactions contemplated hereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares, in compliance with the requirements of the Listing Rules;
- (e) no event having occurred or occurring before the Completion Date which would constitute an event of default (as defined in the Convertible Bonds) had the Convertible Bonds been issued; and
- (f) a rights issue of the Company on the basis of one (1) rights share for every two existing Shares held on the date for determination of entitlement of such rights issue having become unconditional.

If any of the conditions specified above has not been fulfilled (or as to condition (e), being waived in writing by the Placing Agent) on or before the Long Stop Date, the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent as applicable shall have any claim against each other, save for any breach of the undertakings of the Company and the Placing Agent to procure the fulfilment of the conditions specified above, payment of fees and expenses (other than the placing commission) and any antecedent breach by the Company.

## **Placee(s)**

The Placing Agent shall use its reasonable endeavours to ensure that each Placee and its ultimate beneficial owners shall be Independent Third Parties and not connected persons of the Company.

### **Placing commission**

The Company shall pay to the Placing Agent a placing commission equal to 1.0% of the principal amount of the Convertible Bonds successfully placed by the Placing Agent.

Such placing commission was determined at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rate.

### **Placing period**

The period commencing on the date of the Placing Agreement and terminating on the Long Stop Date.

### **Termination**

Notwithstanding anything contained in the Placing Agreement, if at any time on or prior to 8:00 a.m. on the Completion Date:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Placing; or
- (b) any breach by the Company of any of its representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect; or
- (c) there is any material adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is/are material in the context of the Placing; or
- (d) any new law or regulation or any change or development involving a prospective change in existing laws and regulations in any relevant jurisdiction which in the reasonable opinion of the Placing Agent has/have or is/are likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or

- (e) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the People's Republic of China or the declaration by Hong Kong or the People's Republic of China of a national emergency or war; or
- (f) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Completion Date;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 8:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement pursuant to any of the circumstances above, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities under the Placing Agreement.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The following summarises certain of the principal terms of the Convertible Bonds:

Principal amount:	Up to HK\$350,000,000
Maturity date:	the date of the third anniversary of the date of issue of the Convertible Bonds
Interest rate:	Zero
Conversion period:	The period commencing from the 90th day after the date of issue of the Convertible Bonds and ending on the 5th Business Day prior to the Maturity Date.
Conversion price:	The initial Conversion Price of HK\$1.20 per Conversion Share represents: <ul style="list-style-type: none"><li>(a) a discount of approximately 36.84% to the closing price of HK\$1.900 per Share as quoted on Stock Exchange on the date of this announcement;</li></ul>

- (b) a discount of approximately 25.93% to the average closing prices of HK\$1.620 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement;
- (c) a discount of approximately 14.00% to the average closing prices of HK\$1.395 per Share for the last 30 consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement; and
- (d) a discount of approximately 9.62% to the average closing prices of HK\$1.328 per Share for the last 60 consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement.

The initial Conversion Price and the other terms of the Convertible Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to the market price and the trading volume of the Shares, internal rate of return of the Bonds and the prevailing marketing conditions.

Conversion Shares:

Assuming the Convertible Bonds are fully placed, a maximum of 291,666,666 Conversion Shares will be issued, representing approximately 83.1% of the existing issued share capital of the Company as at the date of this announcement and approximately 45.4% and 35.7% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares (before and after the completion of the Rights Issue respectively, assuming no outstanding share option will be exercised on or before the record date for determination of entitlement to the Rights Issue).

Conversion rights:

Any conversion shall be made in amounts of not less than a whole multiple of HK\$10,000,000 on each conversion unless the amount of the outstanding Convertible Bonds is less than HK\$10,000,000 in which case the whole (but not part only) of that amount shall be convertible.

Conversion restriction:

If the issue of Conversion Shares following the exercise by a Bondholder of the Conversion Rights relating to any of the Bonds held by such Bondholder would result in:

- (a) such Bondholder and parties acting in concert with it (within the meaning of the Takeovers Code), taken together, directly or indirectly controlling or being interested in 30% or more of the entire issued voting share capital of the Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level of triggering a mandatory general offer) as at the date of conversion and a mandatory general offer obligation will be triggered under the Takeovers Code; or
- (b) the Company not meeting the requirement under the Listing Rules that not less than 25% (or such other percentage as may from time to time be specified in the Listing Rules) of the Shares shall be held by the public immediately after the conversion (the “**Public Float Requirement**”);

then the number of Conversion Shares to be issued (the “**First Batch Conversion Shares**”) pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a mandatory general offer being triggered under the Takeovers Code or the Public Float Requirement not being satisfied (as the case may be). The balance of the conversion rights attached to the Conversion Bonds which the Bondholder sought to convert (the “**Suspended Balance of Conversion Rights**”) shall be suspended until such time when the Company is able to issue additional Shares in satisfaction of the exercise of the Suspended Balance of Conversion Rights and at the same time without triggering a mandatory general offer under the Takeovers Code or comply with the Public Float Requirement (as the case may be).



In the event that the issue of Conversion Shares following the exercise by a Bondholder of the conversion rights results in the Company not being able to satisfy the Public Float Requirement, the Company undertakes to the Bondholder that it shall use its reasonable endeavours to increase and maintain a sufficient level of Shares held by the public so as to facilitate such Bondholder's exercise of the Conversion Rights attached to the Convertible Bonds which the Bondholder sought to convert as soon as possible.

In the event that the Suspended Balance of Conversion Rights remains to be suspended for a period of 6 months from the date of issue of the First Batch Conversion Shares, the Bondholder shall have the right to require the Company to redeem the outstanding Convertible Bonds which has not been converted at any time before the Maturity Date at its principal amount outstanding plus 6% internal rate of return per annum.

Redemption at maturity: Unless previously purchased or converted for Conversion Shares, the Company shall on the Maturity redeem the outstanding principal amount of the Convertible Bonds together with the agreed return of 3% internal rate of return per annum.

Early redemption: Save for the occurrence of any event of default as set out under the terms and conditions of the Convertible Bonds, the Bondholder shall not be entitled to demand for early repayment of the Convertible Bonds (in whole or in part) commencing from the date of issue of the Convertible Bond to the Maturity Date.

In the event that completion of the Acquisition takes place and subject to the obtaining of the prior written consent of the Bondholder, the Company may redeem any outstanding principal amount of the Convertible Bonds which has not been converted in accordance with the terms and conditions of the Convertible Bond before the Maturity Date in units of HK\$10,000,000 at its principal amount outstanding plus 6% internal rate of return per annum.

In the event that completion of the Acquisition does not take place in accordance with its terms, the Company shall have the right to redeem and the Bondholder shall have the right to require redemption of the Convertible Bonds outstanding before the Maturity Date at its principal amount outstanding plus 6% internal rate of return per annum.

Transfer restrictions on the Convertible Bonds and the Conversion Shares:

Save and except for any transfer of the Convertible Bonds to transferee(s) who is/are an affiliate of the transferring Bondholder (in which case the Bondholder shall give prior notice to the Company), any transfer of the Convertible Bonds will be subject to the prior written consent of the Company (which the Company shall not unreasonably withhold or delay).

The Bondholder shall, on a best efforts basis, give notice to the Company prior to any proposed transfer of the Conversion Shares, provided that the Bondholder is not subject to any confidentiality or non-disclosure undertakings or disclosure would not be in breach of any applicable laws, rules or regulations or the requirements of any governmental/regulatory authority.

Adjustments to the Conversion Price:

The Conversion Price shall from time to time be adjusted upon the occurrence of the following:

- (a) consolidation, subdivision or reclassification of the Shares;
- (b) capitalisation of profits or reserves (other than in lieu of a cash dividend);
- (c) capital distribution to the Shareholders (whether on a reduction of capital or otherwise) or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;

- (d) offer new Shares to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares by way of rights at a price which is less than 80% of the Market Price as at the date of the announcement of the terms of the offer or grant;
- (e) issue wholly for cash of any securities which are convertible into, exchangeable for or carry rights of subscription for new Shares at an effective price initially receivable which is less than 80% of the Market Price at the date of the announcement of the terms of issue of such securities;
- (f) issue wholly for cash any Shares at a price which is less than 80% of the Market Price at the date of announcement of the terms of issue such issue; and
- (g) issue of Shares for acquisition of asset at an effective price per Share which is less than 80% of the Market Price of the Shares at the date of announcement of the terms of such issue.

Events of default:

If any of the following events occurs, the Bondholder may give notice to the Company that the Convertible Bonds are, and it shall on the giving of such notice immediately become, due and payable at its principal amount together with any accrued returns and interest (including default interest payable) calculated up to and including the date of actual repayment:

- (a) the Company fails to pay the principal when due or the Company fails to pay returns or interest on the Bonds when due unless non-payment of such returns or interest is due solely to administrative or technical error and payment is made within seven business days of the due date thereof;

- (b) the Company defaults in performance or observance or compliance with any of its other material obligations set out in the Placing Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 14 business days after notice of the occurrence of such default by the Company;
- (c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its subsidiaries;
- (d) the Company or any of its subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors;
- (e) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its subsidiaries except in the case of winding-up of subsidiaries of the Company in the course of internal reorganisation;
- (f) trading of the Shares on the Stock Exchange has been suspended for over 90 consecutive trading days or that the Stock Exchange or the SFC have notified the Company that the listing of the Shares shall be withdrawn or suspended or that the listing status of the Shares have been objected to;
- (g) the insolvency of the Company; and

- (h) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its subsidiaries.

At any time after the principal amount of the Convertible Bonds outstanding has become payable upon the Bondholder's notice to the Company in the event of default, the Bondholder shall be entitled to require the Company to redeem the outstanding Convertible Bonds immediately, and the redemption amount shall ensure that the Bondholder obtains a compound annual rate of return of 12% in the amount of the principal outstanding.

Voting:

The Bondholders shall not be entitled to attend or vote at any meeting of the Company by reason only of them being Bondholders.

Application for listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange.

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Ranking:

The Conversion Shares shall rank *pari passu* with all other Shares in issue as at the date on which the conversion rights to be attached to the Convertible Bonds are exercised and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the such conversion date.

## EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon full conversion of the Convertible Bonds and before completion of the Rights Issue; (iii) immediately upon full conversion of the Convertible Bonds and after completion of the Rights Issue, assuming nil acceptance of the rights shares by the qualifying Shareholders other than Teamsun; and (iv) immediately upon full conversion of the Convertible Bonds and after completion of the Rights Issue, assuming full acceptance of the rights shares by the qualifying Shareholders.

Shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds and before the completion of the Rights Issue (Notes 1 and 2)		Immediately upon full conversion of the Convertible Bonds and after completion of the Rights Issue, assuming nil acceptance of the rights shares by the qualifying Shareholders other than Teamsun (Notes 2 and 3)		Immediately upon full conversion of the Convertible Bonds and after completion of the Rights Issue, assuming full acceptance of the rights shares by the qualifying Shareholders (Notes 2 and 3)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%		%
The Placees	–	–	291,666,666	45.4	291,666,666	35.7	291,666,666	35.7
Teamsun Technology (HK) Limited	229,672,295	65.5	229,672,295	35.7	384,508,442	47.0	344,508,442	42.1
Other public Shareholders	121,116,605	34.5	121,116,605	18.9	141,674,908	17.3	181,674,908	22.2
<b>Total:</b>	<b>350,788,900</b>	<b>100.0</b>	<b>642,455,566</b>	<b>100.0</b>	<b>817,850,016</b>	<b>100.0</b>	<b>817,850,016</b>	<b>100.0</b>

### Notes:

- For the purpose of illustration only: (a) the Conversion period of the Convertible Bonds commences from the 90th day after the date of issue of the Convertible Bonds; and (b) subject to the conversion restrictions set out in the terms of conditions of the Convertible Bonds.
- Assuming the Convertible Bonds are fully placed.
- Assuming no outstanding share option will be exercised on or before the record date for determination of entitlement to the Rights Issue.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

Reference is made to the announcement of the Company dated 19th December 2016 in relation to, among other matters, the Acquisition, where it was indicated that the Company was evaluating different options of financing the Acquisition, which would be a combination of the Group's internal resources, loan facilities by commercial banks and possible equity financing activities. The Placing is therefore, among other matters, to procure funding for financing the Acquisition as set out below.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing, the gross and net proceeds from the Placing are estimated to be HK\$350,000,000 and approximately HK\$345,968,000, respectively. Therefore, assuming the Convertible Bonds are fully placed and the conversion rights of all the Convertible Bonds are exercised, the net price for the Placing is approximately HK\$1.186 per Conversion Share.

The net proceeds from the Placing are intended to be applied in the following manner:

- (i) approximately 90% for financing the Acquisition. As the consummation of the Acquisition is subject to the fulfilment of certain conditions (the details of which are set out in the announcement of the Company dated 19th December 2016), in the event that completion of the Acquisition does not take place, such portion of the net proceeds may be applied to financing future acquisition that the Company may conduct. As at the date of this announcement, the Company has not identified any specific target for such acquisition and the Company will closely monitor the potential development of the business of the Group and the market; and
- (ii) approximately 10% as general working capital of the Group.

The Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **SGM**

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Increase in Authorised Share Capital.

To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the relevant resolution relating to the Placing.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Rights Issue, the details of which are set out below, the Company did not conduct any fund raising exercise by way of issue of equity securities in the past 12 months immediately preceding and including the date of this announcement.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximate)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
12th January 2017	Rights Issue	Not less than approximately HK\$189,243,000 and not more than approximately HK\$189,527,000	<p>(a) approximately 90% for financing the Acquisition. As the consummation of the Acquisition is subject to the fulfilment of certain conditions (the details of which are set out in the announcement of the Company dated 19th December 2016), in the event that completion of the Acquisition does not take place, such portion of the net proceeds may be applied to financing any future acquisition that the Company may conduct; and</p> <p>(b) approximately 10% as general working capital of the Group.</p>	To be used as intended



## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$60,000,000 divided into 600,000,000 Shares, of which 350,788,900 Shares are in issue. For the purpose of the Placing and in order to provide the Company with greater flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK\$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 400,000,000 Shares (the “**Increase in Authorised Share Capital**”). Such new Shares, upon issue, shall rank pari passu in all respects with the existing Shares.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of passing an ordinary resolution at the SGM.

## **GENERAL**

The Conversion Shares will be issued under the Specific Mandate to be sought at the SGM. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate and the Increase of Authorised Share Capital.

## **LISTING RULE IMPLICATIONS**

A circular containing, among other things, further details of the Placing Agreement, the Specific Mandate, the Increase in Authorised Share Capital and the notice of SGM will be despatched to the Shareholders as soon as possible.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the acquisition of Grid Dynamics International, Inc., a limited liability company incorporated in the State of California, the United States, by way of merger, as announced by the Company on 19th December 2016
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds
“Company”	Automated Systems Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 771)
“Completion”	completion of the Placing, which shall take place on such day as the Company and the Placing Agent may agree, and in any event shall not be later than the Long Stop Date, subject to the fulfillment of the conditions precedent in the Placing Agreement and “Completion Date” means the date of such completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$1.20 (subject to adjustment)
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon exercise by a holder of the Convertible Bonds of the conversion rights to be attached to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds due on the Maturity Date in an aggregate principal amount of up to HK\$350,000,000 to be issued by the Company pursuant to the Placing Agreement and to be created by the Instrument constituting such bonds, or any part of the principal amount
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase in Authorised Share Capital”	increase in authorised share capital of the Company to HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with or acting in concert with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates
“Instrument(s)”	the instrument(s) to be executed by the Company by way of a deed constituting the Convertible Bonds to be issued upon completion of the Placing
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Long Stop Date”	15th April 2017, or such other date as may be agreed between the Company and the Placing Agent
“Market Price”	the average of the closing prices of the Shares for the last five consecutive trading days ending on the trading immediately preceding the relevant date
“Maturity Date”	the date of the third anniversary of the date of the issue of the Convertible Bonds
“Placees”	Institutional, professional and/or individual investor(s) to be procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Bonds of an aggregate principal amount of up to HK\$350,000,000

“Placing Agent”	GF Securities (Hong Kong) Brokerage Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 12th January 2017 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and ending on the Long Stop Date, unless terminated earlier pursuant to the Placing Agreement
“Rights Issue”	the proposed issue of rights Shares by the Company on the basis of one (1) rights Share for every two (2) existing Shares held on the record date to the qualifying shareholders by way of rights or to holders of nil-paid rights Shares at the subscription price, pursuant to the terms and conditions of the issue, details of which are set out in the announcement of the Company dated 12th January 2017
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting to be convened by the Company to approve the Placing and the Increase in Authorised Share Capital and all matters contemplated thereunder
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s) in issue
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to approve, inter alia, the issue of the Convertible Bonds and the allotment and the issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	the Code on Takeovers and Mergers
“Teamsun”	Teamsun Technology (HK) Limited, a wholly-owned subsidiary of Beijing Teamsun Technology Co., Ltd.
“%”	per cent

By Order of the Board  
**Automated Systems Holdings Limited**  
**Wang Yueou**  
*Executive Director and Chief Executive Officer*

Hong Kong, 12th January 2017

*As of 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. Ye Fang, being Independent Non-Executive Directors.*