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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

(1) BUSINESS UPDATE

OBTAINED THE HIGHEST LEVEL OF INTERNATIONAL ACCREDITATION FOR SOFTWARE DEVELOPMENT CAPABILITY MATURITY AND

(2) DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY TO SET UP HEADQUARTERS IN THE GUANGDONG-HONG KONG-MACAO GREATER BAY AREA

OBTAINED THE HIGHEST LEVEL OF INTERNATIONAL ACCREDITATION FOR SOFTWARE DEVELOPMENT CAPABILITY MATURITY

The Board is pleased to announce that the Company, together with its subsidiaries (including GZASL), have recently obtained the highest accreditation of CMMI at Maturity Level 5, an international accreditation for evaluating the maturity of software development capabilities of an enterprise, thus becoming one of the few companies in the world that has reached this accreditation. The milestone has proven the Group's capability in providing customers with more mature and innovative industry solutions, and management and development services that are higher-quality and more efficient from our onshore/offshore development centers, so as to fully satisfy our customers' keen demand for digital transformation.

ACQUISITION OF PROPERTY TO SET UP HEADQUARTERS IN THE GUANGDONG-HONG KONG-MACAO GREATER BAY AREA

In addition, the Board is pleased to announce that on 28th February 2022, GZASL, an indirect wholly-owned subsidiary of the Company, acquired a property in Guangzhou at a total consideration of RMB42,470,130 (equivalent to approximately HK\$52.7 million), which will be served as office purpose for the headquarters in the Guangdong-Hong Kong-Macao Greater Bay Area and offshore delivery excellence center of the Group.

As the highest applicable percentage ratio in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

OBTAINED THE HIGHEST LEVEL OF INTERNATIONAL ACCREDITATION FOR SOFTWARE DEVELOPMENT CAPABILITY MATURITY

The board of directors of the Company (the “**Board**”) is pleased to announce that the Company, together with its indirect wholly-owned subsidiaries, Automated Systems (H.K.) Limited and Guangzhou Automated Systems Limited (“**GZASL**”), have recently obtained the highest accreditation of Capability Maturity Model Integration (“**CMMI**”) at Maturity Level 5, an international accreditation for evaluating the maturity of software development capabilities of an enterprise, which demonstrated that the Group’s capabilities in software development process, organization, technology research and development, project management, solution delivery and other capabilities have reached a higher level and is among the best in the world.

CMMI stands for Capability Maturity Model Integration, and is recognised as a global software capability maturity assessment standard which is mainly used to improve the software development process and evaluate software development capabilities.

Based on information available to the Company, the Group is one of the few companies in Mainland China and Hong Kong that has reached this Maturity Level. According to statistics, among the enterprises that have undergone CMMI assessments, less than 10% of the enterprises in the world, and only about 5% in the Mainland China and Hong Kong, have been given the Maturity Level 5 accreditation of CMMI.

The milestone has proven the Group’s capability in providing customers with more mature and innovative industry solutions (especially in the healthcare industry), and higher quality and more efficient management and development services from our onshore/offshore development centers (including leveraging the Group’s offshore delivery excellence centers in Guangzhou and Changsha, along with our professional development team in Hong Kong as the central quality control to manage and fulfil the demands of overseas application development, and to provide Agile consulting services, training and application).

In the future, the Group will continue to leverage the CMMI Maturity Level 5 capabilities and the underlying management system to optimize the software development and management process of the Company, continuously innovate, optimize costs, enhance product development quality as well as promote internal management efficiency, so as to strengthen our core competitiveness. We will satisfy our customers’ keen demand for digital transformation with higher quality products and services, that will provide strong pillar for the Company’s long-term sustainable and healthy development.

ACQUISITION OF PROPERTY TO SET UP HEADQUARTERS IN THE GUANGDONG-HONG KONG-MACAO GREATER BAY AREA

The Board is pleased to announce that on 28th February 2022, Guangzhou Automated Systems Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into the Guangzhou housing stock sale and purchase contract (廣州市存量房買賣合同) (the “**Contract**”) with Guangzhou Dingshang Company Limited* (廣州鼎尚股份有限公司) (the “**Vendor**”). Pursuant to the terms and conditions of the Contract, the Purchaser agreed to acquire and the Vendor agreed to dispose of the following property (the “**Property**”) at a total consideration of RMB42,470,130 (equivalent to approximately HK\$52.7 million) (the “**Acquisition**”).

The Principal Terms of the Contract

Date: 28th February 2022

The Purchaser: Guangzhou Automated Systems Limited

The Vendor: Guangzhou Dingshang Company Limited* (廣州鼎尚股份有限公司)

The Property: Office use, with a gross floor area of 1,490.18 sq.m. in total, located in rooms 1701-1709, No. 8, Linhe Middle Road, Tianhe District, Guangzhou

Consideration and terms of payment:

The total consideration of the property is RMB42,470,130. The consideration shall be paid by the Purchaser as follows:

1. First installment: the Purchaser shall pay 8% of the total consideration of the Property to the Vendor within ten working days from the date of signing the Contract by the Purchaser. Both parties shall conduct and complete the property transaction registration procedures at the Real Estate Exchange Center within three working days after the settlement of the first installment.
2. Second installment: after successful submission of the complete information regarding the property transaction to the Real Estate Exchange Center by both parties, the Purchaser shall pay 42% of the total consideration of the Property to the Vendor within five working days on or upon the date of successful submission of such information.
3. Third installment: the Purchaser shall pay 45% of the total consideration of the Property to the Vendor on the day when both parties paid off their respective taxes and completed the transfer and registration procedures or within five working days after completion of the transfer.
4. Last installment: the Purchaser shall pay the remaining 5% of the total consideration of the Property to the Vendor from the date of actual delivery of vacant possession of the Property to the Purchaser or subject to acceptance by the Purchaser and signing of confirmation on handover of the Property or within five working days from the date of acceptance.

* For identification purpose only

The Directors consider that the terms of the Acquisition are on usual commercial terms, are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

The consideration for the Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor with reference to comparable properties. The consideration will be funded by the Group's proceeds from the partial disposal of shares in Grid Dynamics Holdings Inc.

Completion:

The Purchaser and the Vendor shall settle and complete the property transfer registration procedures within 90 working days from the date of entering into the Contract, and deliver the Real Estate Title with the Purchaser as the owner of the Property to the Purchaser. As the lease term with the existing lessee (an independent third party) to the Property expires on 30th June 2022, the rent will be settled between the existing lessee and the Vendor, whereby no payment will be made to the Purchaser. After the Property is transferred to the Purchaser, it will continue to be leased by the existing lessee of the Vendor until 30th June 2022, and the Property shall be delivered to the Purchaser no later than the delivery date agreed by the Purchaser (i.e. 30th November 2022).

After the signing of the Contract, if the Contract is required to be postponed for fulfilment or cancelled due to force majeure, both parties shall not be liable for breach of contract but shall perform the notification obligation in accordance with relevant regulations and take necessary measures to avoid substantial losses. In addition, the liquidated damages for failure of the transaction, delayed delivery and overdue payment due to various reasons shall be 10% of the total consideration of the Property (or agreed otherwise subject to different circumstances), which will be borne by the defaulting party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is located in the central area of Guangzhou and will be held by the Group and served as office purpose for the headquarters in the Guangdong-Hong Kong-Macao Greater Bay Area and offshore delivery excellence center of the Group. The Group will also continue to invest in the development of business in the region, to keep pace with the business development of the Group's customers in Mainland China, Taiwan, Macau, Hong Kong and the Asia Pacific region.

The Directors consider that the terms of the Acquisition are on usual commercial terms, are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE PARTIES TO THE ACQUISITION

The Purchaser, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC and is principally engaged in the sale of computer products and solutions and the provision of hardware and software services.

The Vendor, a limited liability company incorporated in the PRC, is the sole owner of the Property. As far as the Directors are aware, the principal businesses of the Vendor are hotel management, property management and investment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules. The Acquisition shall take place after the fulfilment of the terms and conditions of the Contract. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

Unless otherwise stated in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the exchange rate of RMB1.00 = HK\$ 1.24. The exchange rate is 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.

By Order of the Board
Automated Systems Holdings Limited
Ngan Wai Hing Lau Nga Ting
Joint Company Secretary

Hong Kong, 28th February 2022

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