



A Member of the Teamsun Group

[For Immediate Release]

AUTOMATED ANNOUNCES 2017 ANNUAL RESULTS
GROSS PROFIT UP 106.5% TO HK\$344.2 MILLION
NET PROFIT UP 82.6% TO HK\$52.6 MILLION
REVENUE UP 26.0% TO HK\$1,917.5 MILLION

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Speeds Up Globalization Footprint
To Consolidate Position as a Trustworthy and Professional Global IT Partner

(Hong Kong, 28 March 2018) – **Automated Systems Holdings Limited** (“ASL” or “the Group”) (stock code: 771), a trustworthy and professional global information technology (“IT”) partner, announced its annual results for the year ended 31 December 2017 (the “Review Year”). During the Review Year, total revenue of the Group was HK\$1,917.5 million, representing a 26.0% increase from last year.

The Group’s profit attributable to equity holders was HK\$52.6 million, a rise of 82.6% compared to last year of HK\$28.8 million. Basic earnings per share increased to 8.99 HK cents, an increase of 28.4% compared to last year. (2016: 7.00 HK cents). The Board of Directors recommended the payment of a final dividend of 1.0 HK cent per share for the year ended 31 December 2017. The Board recommended a Bonus Issue on the basis of two Bonus Share, credited as fully paid, for every ten existing shares held by the shareholders of the Group whose names appear on the register of members on Tuesday, 29 May 2018. It is believed that the Bonus Issue will enhance the liquidity on the capital level.

Gross profit for the year ended 31 December 2017 was HK\$344.2 million, an increase of HK\$177.5 million or 106.5% compared with last year. Gross profit margin for the year also increased from 11.0% to 17.9%. The increase in gross profit and gross profit margin was mainly attributable to the gross profit contribution from Grid Dynamics International, Inc. (“Grid Dynamics”), which was acquired on 7 April 2017.

The Group maintained a healthy financial position. As at 31 December 2017, the Group’s cash stood at approximately HK\$286.8 million with a working capital ratio of 1.25:1 and the outstanding borrowings amounted to HK\$493.0 million. During the Review Year, orders newly secured by the Group amounted to approximately HK\$1,976.5 million. As at 31 December 2017, the order book balance was approximately HK\$1,120.4 million, an increase of 16.2% compared to last year.

Product sales was HK\$743.4 million (2016: HK\$840.0 million) while service revenue was increased by 72.2% to HK\$1,174.1 million. Product sales and service revenue contributed 38.8% and 61.2% to total revenue respectively. Commercial and public sector sales contributed 59.1% and 40.9% to total revenue respectively (2016: 48.4% and 51.6%).

In respect of the public sector sales, the Group has always won the trust and support of government bureaux and departments. It was contracted a number of IT professional services projects included in the Standing Offer Agreement for Quality Professional Services 3 during the year under review, ranking among the top in the industry in terms of total contract amount which was a strong track record. In the second half of the year, building on its success, the Group was entrusted as one of the contractors for “Standing Offer Agreement for Quality Professional Services 4” (SOA-QPS4) by the Office of the Government Chief Information Officer, and was eligible for bidding four categories of IT Services for various government bureaux and departments. In addition, the Group continued to benefit from the government’s policy of actively promoting innovation and utilizing IT to improve public services, and adopted a new delivery model DevOps in various government projects in the second half of this year to enhance the flexibility and effectiveness of delivery services.

In respect of the commercial sector sales, the sales of professional services during the year increased significantly by virtue of the Group's quality, innovative and one-stop IT services as well as market reputation established, which achieved an encouraging result. With more than 40-year experience in its focused-industries in the area of systems integration and bringing in new capability, the Group not only provided industry-specific professional infrastructure support services to a telecom operator, but also won a number of projects from different industries through the understanding of various industries and continuing to successfully keep up with the trend of big data and analytics, thus further consolidated the Group's positioning of one-stop IT services provider.

With regard to expanding its managed service business, the Group, as a one-stop Information Technology Service Management ("ITSM") company, continued to leverage its advantages during the year, received a new long-term managed service order from a renowned bank client. The Group enhances the level and expands the coverage of support services for this bank client, as well as provides consultancy services to meet customers' buoyant demand on ITSM and fully meets the needs of customers for IT in a flexible way so that they can focus on their own business development.

In addition, the Group strived to improve its service level and technology in the information network security business and achieved good results during the year. Along with the cyberattacks attracted wide public concern in 2017 and the new "Cyber Resilience Assessment Framework" for banks issued by the Hong Kong Monetary Authority, the Group has successfully seized business opportunities to obtain relevant IT security projects in different industries, among which include the landmark project, the signing of a three-year managed security service project contract with a large Hong Kong transport operator, which successfully launched the Security Operation Center *Plus* ("SOC+") of its own managed security services together with managed services and service desk services to the market. It has also successfully entered the IT security market in the financial industry. Through the Group's SOC+ Security Information and Event Management (SIEM) platform, an advanced platform that helps integrating and detecting associated security information/events, we provide a two-year one-stop managed security service to a well-known bank to assist the bank in meeting statutory cyber security level and effectively detect abnormal network activities for clients at any time.

2017 is the Group's 20th listing anniversary in Hong Kong. The Group successfully acquired Grid Dynamics, a provider of scalable, next-generation e-commerce digital technology solutions at Silicon Valley, California, the United States. As a result, the Group becomes Hong Kong's first local IT company which grows beyond Asia and expands its business to global markets, laying a solid foundation for the future development of the Group and marking the Group's innovation journey of development.

Benefiting from customers' demand for third platform technologies such as cloud computing and big data analytics, Grid Dynamics expanded its business rapidly, and its number of employees grew from about 600 in early 2017 to over 800 currently to support its business growth. In 2018, Grid Dynamics is also planning to open its sixth research and development center in Serbia, Europe, which provides a highly skilled talent pool and high-quality communications network, to further strengthen the Group's local support and global delivery capabilities to meet different customers' needs in various regions.

In order to cope with the challenge of anticipated gradual reduction in demand for IT infrastructure due to cloud computing and to consolidate our market position as a reliable and professional IT partner, the Group was committed to improving its strategy and further promoting the digital transformation of professional services in the second half of 2017. The major businesses of the Group will be divided into the next generation one-stop Integrated Managed Services; providing customers with leading-edge Innovative Solutions; and Intimate Tech Hub.

In respect of the next-generation one-stop Integrated Managed Services, the Group will continue to ensure the quality of IT services through service level agreement (SLA) and upgrade service platform (i.e. to connect customers with our SOC+ through our well-equipped and advanced service center, a service hub, by

utilizing omni-channels including phones, emails, websites, instant messages, on-site services, applications on smart phones, etc. and to launch one-stop IT services which better meet customers' needs with innovative Online to Offline (O2O) model and integrated conceptual model) while achieving efficient synergy of management processes to enhance customer's IT operation and management level and capability and thus drives business growth and, through provision of high quality customer experience, strengthens the Group's position as a next-generation one-stop ITSM provider .

In respect of Innovative Solutions, the world is entering a new era of cloud, big data analytics and mobile Internet. Technological changes will bring about major changes in the industry model and competition pattern. Industry vertical integration and convergence of IT products and services are increasingly noticeable. Therefore, it is particularly important for professional service providers to capitalize on their exceptional skills and accumulated experience in their specialized areas. Focusing on industries with competitive edges (namely, government, banking and finance, public healthcare, transportation, real estate and education), the Group further strengthens its innovative ability with regard to Innovative Solutions. With considerable insight into the changes in customers' needs in various industries, the Group provides leading and high value-added solutions based on the integration and reconstruction of their business procedures and by using technologies that meet the core business needs of customers.

In respect of Intimate Tech Hub, the Group will focus on strengthening the integration of industry-specific knowledge, comprehensive skills and cross-platform technologies in the industry, and deepen cooperation with strategic partners on new technologies such as artificial intelligence, robotics, machine learning, smart city and grasp business opportunities brought by related application trends. The Group will also provide one-stop innovative IT solutions and services to customers in Hong Kong and around the world through active cooperation with tier-one providers with technology advantages or industry-leading suppliers.

Looking forward, the Group will continue to seek opportunities in Hong Kong and the Mainland China arising from the Belt and Road Initiative to provide leading IT services with higher value for our global customers, so as to speed up the globalization footprint of the Group and consolidate the Group's position as a professional and reliable IT service partner in the Asia-Pacific region and around the globe.

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About Automated Systems Holdings Limited

Automated Systems (H.K.) Limited was founded in Hong Kong in 1973 and was listed on the Stock Exchange of Hong Kong Limited under the name of Automated Systems Holdings Limited ("the ASL Group" or "the Group") (Stock Code: 771) in November 1997. The ASL Group's ultimate controlling shareholder is Beijing Teamsun Technology Co., Ltd. ("Teamsun") whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600410). The Group is a member of the Teamsun Group which recorded turnover of more than RMB5.0 billion and has more than 5,000 employees. The ASL Group, consisting of Automated Systems (H.K.) Limited, ELM Computer Technologies Limited, CSA Automated (Macau) Limited, Guangzhou Automated Systems Limited, ASL Automated (Thailand) Limited and Grid Dynamics International, Inc.. In addition, i-Sprint Innovations Pte Ltd is our associate company. We offer professional information technology services to corporate clients worldwide, particularly in the Greater China and Asia covering Hong Kong, Mainland China, Taiwan, Macau, Thailand, Singapore, Malaysia as well as North America and Europe, etc. After more than 40 years of success, the ASL Group has established its reputation as a trustworthy and professional global IT partner.

With its strong commitment to quality services, the ASL Group has been winning well-known clients such as government agencies, prestigious universities, telecommunications giants, transportation enterprises, major financial institutions, and leading international corporations.

For more information, please visit our web page at <http://www.asl.com.hk>.

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