

AUTOMATED ANNOUNCES 2018 ANNUAL RESULTS

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***Three Core Engines - Solution, Security and Managed Service Businesses Drive
Gross Profit up 43.1% to HK\$492.6 Million
Net Profit up 60.4% to HK\$84.3 Million
Revenue up 22.3% to HK\$2,344.5 Million***

(Hong Kong, 20 March 2019) – **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 2018 (the “Review Year”). During the Review Year, total revenue of the Group was HK\$2,344.5 million, representing a 22.3% increase from last year. The increase in revenue was mainly because (i) the group restructured the focus on the three major IT businesses, which leads the business in Hong Kong, Macau and Asia Pacific recorded a 7.9% growth; and (ii) whole year result of Grid Dynamics International, Inc. (“Grid Dynamics”, a subsidiary of the Group in the United States (“US”)) was consolidated, compared to last year, merely result for the period from 7 April 2017 to 31 December 2017 was consolidated.

The Group’s profit attributable to equity holders was HK\$84.3 million, a rise of 60.4% compared to last year of HK\$52.6 million. Basic earnings per share increased to 10.48 HK cents, an increase of 39.9% compared to last year. (2017: 7.49 HK cents).

Gross profit for the year ended 31 December 2018 was HK\$492.6 million, an increase of HK\$148.5 million or 43.1% compared with last year. Gross profit margin for the year also increased from 17.9% to 21.0%.

The Group maintained a healthy financial position. As at 31 December 2018, the Group’s cash stood at approximately HK\$292.2 million with a working capital ratio of 1.32:1 and the outstanding borrowings amounted to HK\$481.7 million. During the year under review, orders newly secured by the Group amounted to approximately HK\$2,376.3 million, an increase of 20.2% from HK\$1,976.5 million of last year. As at 31 December 2018, the order book balance was approximately HK\$1,128.2 million.

Product sales were increased by 10.1% to HK\$818.6 million while service revenue was increased by 30.0% to HK\$1,525.8 million. Product sales and service revenue contributed 34.9% and 65.1% to total revenue respectively. Commercial and public sector sales contributed 62.7% and 37.3% to total revenue respectively (2017: 59.1% and 40.9%).

During the year, the Group focused on customer centricity, the optimization of business structure and the reduction of reliance on traditional reseller business as well as placed emphasis on enhancing the capability of the service business, and these factors led to a growth of 30.0% in the revenue of the service business when compared to last year. During the year, the Group also focused on the demands of customers from various industries, and successfully deepened its market penetration within the industries by dint of accumulated professional knowledge and experience, among which the banking and finance industry contributed enormously to the commercial sector sales during the year.

During the year, in order to meet the market needs of digital transformation, the Group reformed its business strategies and focused on three major businesses: leading-edge Innovative Solutions, Intelligent Cybersecurity Services and the next-generation one-stop IT Integrated Managed Services. These three businesses grew steadily during the year.

In respect of the leading-edge Innovative Solutions, it achieved strong performance during the year. Overall orders from this business segment recorded a significant double-digit growth, which included orders obtained from Hong Kong, Macau, Asia Pacific as well as Grid Dynamics, and this business segment accounted for over 50% of the overall orders of the Group. The Group was committed to customer centricity, and it strived to and succeeded in offering tailor-made solutions suitable for the government and the industries which the Group focused on as well as assisting them in the process of frontend-to-backend digital transformation during the year. One of the landmark projects included a new-type infrastructure received from the government in providing assistance to its construction of Smart City and being responsible for the management and implementation of a data platform for the Smart Lampposts. In addition, the Group continued to leverage its strengths in areas such as DevOps, agile software development methodologies, automated testing and Offshore Delivery Excellence Center and took advantage of its leading technologies including artificial intelligence and big data, and through which it obtained numerous orders, among which included winning the award of projects regarding big data consultancy services and application development on customer service enhancement from a private medical institution and a well-known local airline respectively. Moreover, the Group also introduced various innovative technologies (such as face recognition) and successfully extended such services into the Macau market, and were well received by the local customers.

In respect of the Intelligent Cybersecurity Services, orders newly received remained stable, which accounted for approximately double-digit of the overall orders newly secured of the Group. Such business achieved satisfactory performance, partly due to the fact that benefiting from the more stringent or new cybersecurity regulations in the banking industry (such as the Hong Kong Monetary Authority's "Cyber Resilience Assessment Framework" (C-RAF) and the Society for Worldwide Interbank Financial Telecommunication (SWIFT)'s Customer Security Programme (CSP)) during the year, the Group obtained numerous security projects from several financial institutions, which led to an increase of the Group's penetration rate in the financial industry. Moreover, the Group also put its extensive systems integration knowledge acquired from various Cloud platforms and suppliers to good account, by which it successfully assisted a renowned multinational enterprise in transferring the IT infrastructure from its headquarters in Hong Kong to Cloud platform, ensuring the security of its data on different Cloud platforms. By virtue of the Group's outstanding data security solutions and managed security services, according to the IDC Asia/Pacific Semiannual Services Tracker, 2H 2017, the Group was ranked as one of the top three security service providers in Hong Kong, with it having a leading position in the realm of cybersecurity.

In respect of the next-generation one-stop IT Integrated Managed Services, it achieved considerable progress during the year, which recorded an approximately double-digit growth, and accounted for nearly 40% of the overall orders of the Group. Apart from continually achieving positive results in the IT support service business, the Group also secured long-term one-stop managed service orders in various industries with its extensive experience in the IT industry. By further successfully strengthening the cooperation with its customer in the traditional IT support services, the Group was able to offer comprehensive daily operational support services to an existing customer from the public sector. It is noteworthy that, the Group achieved a breakthrough in its managed service business, successfully expanded into the insurance industry and wherein received long-term IT managed service orders, hence allowing more room for development in this business segment.

In view of the increasing use of Cloud and digital transformation by enterprises, ASL closely cooperated with the world's leading digital transformation expert Alibaba Cloud, and reached a strategic cooperation agreement in the first half of 2018. Such scope of cooperation included Cloud security solutions and sales and marketing, with an aim to further develop the Cloud market in Hong Kong and Macau. These services have been gradually recognized by customers, and the Group has successfully obtained its first order from the finance industry.

As for the overseas business, Grid Dynamics recorded robust growth during the year. Its revenue and gross profit recorded remarkable increases of 75.0% and 68.4% respectively when compared to last year from the date of acquisition. The revenue derived from existing customers grew progressively, among which the

business scale reached ten million US dollars within customers from renowned multinational technology corporations. Meanwhile, during the year, the Group also adopted the new equity incentive plan of Grid Dynamics so as to encourage its employees to strive to enhance the value of Grid Dynamics and to maintain its momentum of sustainable development. In order to further cope with the business expansions, Grid Dynamics opened its 6th research and development center in Serbia and set up a new office in Texas, the US during the year, so as to further strengthen the Group's support in different regions and its global delivery capabilities to meet different customer needs in various regions.

In the era of Cloud Computing, our provision of safe and reliable Cloud services in the above three major business in order to assist customers in optimizing its existing IT resources, enhancing the efficiency and performance of its IT systems, expanding its IT capability and technological innovation, as well as devising and exploring more effective business models and business opportunities, will undoubtedly be our focus in the next phase of development.

The Group has always been aware of the different needs of its customers, hence it kept adding its own infrastructure to attain service improvement. Subsequent to the introduction of artificial intelligence at the Security Operation Center *Plus* (SOC+) in 2018 to enhance the capability of customer network protection, the Group is planning to invest resources worth tens of millions of Hong Kong dollars in the coming years on the enhancement of service platforms in omni-channel and Cloud services, aiming to gain potential for sustainable development and to deepen the cooperation with its customers. Moreover, in respect of overseas business, the Group decided to inject a total of more than HK\$50 million in 2018 and 2019 to facilitate Grid Dynamics in the research and development of leading-edge technology in areas of artificial intelligence and machine learning, the transformation of commercial application capabilities, as well as the cross-sector cross-border expansion of its business territory.

In terms of risks and challenges, as the Group expects that Cloud platforms and Cloud services will be more widely used by enterprises around the world, it anticipates that this will intensify the downward pressure on the Group's traditional reseller business, and especially under the impact of the general economic environment, the Group foresees that the increase of its overall business pressure and risk will be more perceptible in the second half of 2019. In view of the above, the Group has developed a risk control system as a solution.

Moreover, the Group will continue to focus its business procedures, optimize and improve its structure and enhance its talent resources, with the aim to achieve breakthroughs in new businesses areas, new technical fields and new customers from various industries.

Looking forward, the Group believes that the Belt and Road and the development of the Greater Bay Area will help to facilitate the connections between Hong Kong and the mainland China, and the Group expects that such development will drive the future demand for IT. The Group will also leverage on its position as an IT service provider to promote mainland China's advanced technology products to overseas market or to draw international clients into China's market. The Group will continue to closely cooperate with strategic partners to consolidate its business locations in Greater China and Southeast Asia and to seize global opportunities to accelerate its process of globalization.

"EMPOWER", "SECURE" and "MANAGE" are the three main core values being brought to customers by the Group. By dint of the Group's seven research and development centers located worldwide, with over a thousand IT professionals and with over forty years of industry experience in providing professional IT services, we will continue to leverage our strengths to assist customers in their frontend-to-backend digital transformation as well as to strive to provide diversified, one-stop innovative IT solutions and services to customers from various industries.

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About Automated Systems Holdings Limited

Automated Systems Holdings Limited (“ASL” or “The Group”) was listed on the Stock Exchange of Hong Kong Limited in 1997 (Stock Code: 771). 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 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. 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 information technology (“IT”) services to corporate clients around the world.

The Group’s core businesses are Innovative Solutions, Intelligent Cybersecurity and Integrated Managed Services. Innovative Solutions business is offering holistic business solutions to accelerate customers’ digital transformation. Intelligent Cybersecurity business is specialized in digital asset protection & risks prevention. Integrated Managed Services business is to manage clients’ IT infrastructure to cloud platform in entire IT lifecycle with its world-class, industry-specific and end-to-end services.

With ASL's 7 research and development centers worldwide, over a thousand of high-caliber experts, and more than 40 years of experience in providing professional IT services to global users, ASL provides the best practices for customers’ IT management and is definitely customers’ trustworthy and professional global IT partner.

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

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