

AUTOMATED ANNOUNCES 2020 INTERIM RESULTS

Asia Pacific Business Remains Stable Revenue up 9.6% to HK\$1,011.0 Million
U.S. & Europe Business Records One-off gain Reaches HK\$772.3 Million Revenue from
IT Customers up 52%
The Group's Profit for the Period Surges 16.5 times to HK\$761.0 Million

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The New Normal Leads to Digital Transformation ***Marking a New Era with “as-a-Service” Model***

(Hong Kong, 26 August 2020) – **Automated Systems Holdings Limited** (“ASL” or “the Group”) (HKEX stock code: 771), a trustworthy and professional global information technology (“IT”) partner, announced its interim results for the six months ended 30 June 2020 (the “Review Period”). The Group’s performance of the Asia Pacific business remained stable with a total revenue of HK\$1,011.0 million, representing a 9.6% increase from the corresponding period last year; gross profit was HK\$103.9 million (2019 Interim: HK\$106.7 million); adjusted EBITDA was HK\$51.0 million (2019 Interim: HK\$54.8 million). In respect of business in the United States and Europe, ASL obtained a substantial one-off gain of approximately HK\$772.3 million, from the disposal and spin-off of Grid Dynamics International, Inc. (“GDI”), after its listing on NASDAQ through Grid Dynamics Holdings, Inc. (“GDH”). This drove the profit for the period of the Group to surge 16.5 times as compared with the same period last year to HK\$761.0 million. Despite the impact brought by the Coronavirus (“COVID-19”) on the global economy, satisfactory performance was still recorded by the Group.

The Group maintained a healthy financial position during the Review Period. As at 30 June 2020, the Group’s net cash stood at approximately HK\$430.8 million with a working capital ratio of 1.17:1; the outstanding borrowings amounted to HK\$168.4 million. During the period under review, orders newly secured by the Group in the Asia Pacific region amounted to approximately HK\$973.0 million, with an increase of 3.6% as compared to the same period last year. As at 30 June 2020, the Group’s order book balance was approximately HK\$1,073.5 million.

By virtue of its solid competitive advantages, the **three core businesses of the Asia Pacific region** have remained relatively stable compared with the corresponding period last year. During the period, orders newly secured of the three core businesses of the Asia Pacific region reached HK\$825.1 million, with an increase of 7.9% as compared to the corresponding period last year. The Group has received several major projects during this time, which reflects its impressive performance in response to the challenges of the COVID-19 pandemic and its remarkable results in reinforcing digital transformation.

With respect to the **Innovative Solutions business**, it delivered the most outstanding performance when compared with the other core businesses during the Review Period, with the overall service orders newly secured recording a growth of 31.8%. Service revenue was HK\$149.5 million, with a significant year-on-year increase of 29.9%. In addition, the Group has expanded its talent pool of overseas technical personnel in the first half of the year, further enhancing our delivery models and improving the quality of our services. With the

help of our leading technologies and sufficient resources, the Group has successfully deployed manpower at a tight timeframe, in order to provide support to various government departments for the epidemic monitoring system. Besides, the Group remains at the first position in the market share of the "Standing Offer Agreement for Quality Professional Services 4" category. Moreover, the Group has assisted a healthcare authority to upgrade their management system for clinical medical services in Hong Kong, aiming to promote community health.

In terms of the **Intelligent Cybersecurity business**, the service orders newly secured by the Group performed steadily, with service revenue recorded HK\$72.0 million, and a significant year-on-year increase of 20.7%. Under the "new normal", corporates are putting more emphasis on network and security management, as well as combatting new cyberattack methods. Being one of the top three local security service providers, the Group is able to meet the relevant new demands; hence successfully provided SD-WAN (Software-Defined Wide Area Network), a new and secure network technology, for a renowned multinational in Hong Kong. Moreover, the Group received large-scale Wi-Fi 6 projects from two prestigious universities, thereby laying the foundation in creating smart campuses.

Regarding the **Integrated Managed Services business**, service orders newly secured levels in this business are similar to the corresponding period last year, recording a service revenue of HK\$217.9 million, achieving a slight increase of 2.2% when compared to the same period last year. The Group secured orders from various sectors, including government departments and several financial institutions, supporting customers' IT operations. During the period, the Group was awarded "Top Contribution Partner in FY20" by Red Hat, a well-known open-source software solution provider, recognizing the Group's outstanding performance in the market's emerging technology – cloud-native application automation (container technology and automation platform technology).

In regard to the **new business**, the Group launched its first omni-channel and cloud-based Unified Operation Center (UOC) in Asia-Pacific during May this year, in light of the pressing demands for digital transformation among various sectors. It provides services with "as-a-Service" new business operation model, to assist customers in managing costs and in boosting their businesses. The service has already secured orders within just two months after the service launch in the market, which demonstrated that the Group has effectively met the needs of the market.

As for the **business in the United States and Europe**, GDH is currently an associate of the Group. The Group is GDH's largest shareholder with a shareholding ratio of 38.3%, and the results of GDH will not be fully consolidated in the results of the Group. Under the influence of the epidemic situation in the United States, GDH's retail business suffered a significant drop in the second quarter this year, the revenue and adjusted EBIDTA for the first six months recorded a decrease of 0.14% and 57.3% respectively. At the same time, taking into account the effect of reduction of contribution of GDI's result to be included in the Group's profit from full consolidation to the sharing of 38.3%, the Group recorded a decrease in contribution from GDI and GDH for the six months ended 30th June 2020 of approximately HK\$41.0 million compared to the corresponding period last year. The decrease was mainly attributable to (i) decrease in normal operating results of GDH due to the impact brought by the COVID-19; and (ii) increase in costs due to a new incentive plan of GDH.

Looking forward, the Group will be closely monitoring the impact of the development of COVID-19 on its customers as well as the uncertainties brought by geopolitical tension, and improving its operational efficiency, striving to minimize the impact of COVID-19.

In view of the Hong Kong and the Asia Pacific business, the Group expects that the impacts related to COVID-19 will surface in the next six months to one year. The Group will continue to increase its investments

in key development areas, including creating prototypes of new solutions such as IoT applications, and will continue to invest in UOC, accelerating the launch of its self-branded services with an innovative "as-a-Service" business model. In addition, the Group will also leverage the advantages of its omni-channel cybersecurity and Security Operation Center *Plus* (SOC+) to continue monitoring the challenges encountered by customers in the region, with regard to network data brought by new trends of cloud computing, smart city and 5G while exploring business opportunities from within.

Pertaining to the United States and Europe business, despite the impact of the epidemic, the demand for cloud technology in the market under the "new normal" has significantly increased. It not only benefited GDH in achieving impressive results in expanding its customer base in the first half of the year, but has also achieved almost 50% growth year-on-year in revenue from the non-retail industry during the second quarter, of which the technology industry recorded an increase of 52% year-on-year. Apple and Google were gradually nurtured as GDH's top 5 major customers. Furthermore, GDH was listed in the U.S. Equity Russell 2000 Index in June 2020, which serves as a recognition of GDH's technological capabilities and long-term development. This is also expected to further enhance its reputation and expand its shareholder base. Since May this year, the United States market has shown signs of recovery and the Group believes that the GDH business will gradually recover in the second half of the year. Certainly, the Group will continue to closely assess GDH's investment value in the Group's books.

Overall, the Group will focus its business development on the Asia Pacific region as its main business line at the current stage, with the United States and Europe business as its auxiliary business line. As GDH's largest shareholder, the Group believes that the complementarity and integration capabilities of the two business lines in terms of technology are critical. In the Asia Pacific region, the enhancement of high-value and professional service standards of integrated IT services, which is industry customer-based, will still need to be driven by technological innovation and breakthroughs. The Group believes that through the above measures, it can enhance its core capabilities, and strengthen the Group's position as a professional and reliable information technology service provider in the region.

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**Please refer to the 2020 interim results announcement published on 26 August 2020 for more details.*

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, consists of Automated Systems (H.K.) Limited, ELM Computer Technologies Limited, CSA Automated (Macau) Limited, Guangzhou Automated Systems Limited, ASL Automated (Thailand) Limited. In addition, Grid Dynamics Holdings Inc. and i-Sprint Innovations Pte Ltd are the associates of the Group. 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 Services 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 8 research and development centers worldwide, over a thousand of high-caliber experts, and more than 47 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>.

For Press Enquiries

Automated Systems Holdings Limited

Debbie Ng (852) 2608 3661 debng@asl.com.hk

Fax (852) 2645 8084

Website www.asl.com.hk