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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 771)

PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions.

The Board wishes to inform shareholders of the Company and potential investors that, the Group is expected to record an increase in profit after tax for the six months ended 30th June 2020 by 15 to 16 times to the corresponding period last year (including the below mentioned one-off gain of HK\$700 million to HK\$720 million).

The Group is expected to record a decrease in contribution from GDI and GDH (excluding the one-off gain) for the six months ended 30th June 2020 of approximately HK\$40 million to HK\$45 million compared to the corresponding period last year, the decrease is mainly due to the following:

- (i) decrease in normal operating results of GDH due to impact by the COVID-19; and
- (ii) increase in costs due to a new incentive plan of GDH.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Automated Systems Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30th June 2020 and the information currently available to the Company, the Group is expected to record an increase in profit after tax for the six months ended 30th June 2020 by 15 to 16 times compared to the corresponding period last year.

The increase is mainly attributable to the disposal and spin-off of Grid Dynamics International, Inc. (“**GDI**”) completed at the beginning of March 2020 (the “**Disposal**”). The Group received a one-off gain of HK\$700 million to HK\$720 million, after deducting income tax, withholding tax, transaction costs, and one-off expenses in GDI arising from the Disposal (As disclosed in the circular of the Company dated 31st December 2019 and the announcements of the Company dated 13th November 2019 and 8th March 2020, GDI has effectively become a wholly owned subsidiary of Grid Dynamics Holdings, Inc. (“**GDH**”) and is effectively listed on Nasdaq (ticker symbol of GDH: GDYN) GDH is an associate of the Group, its results will not be fully accounted in the results of the Group).

Taking into account the effect of reduction of contribution of GDI's result to be included in the Group's profit, (upon completion of the Disposal, from 100% full consolidation to 38.3% shared by the Group), the Group is expected to record a decrease in contribution from GDI and GDH (excluding the one-off gain) for the six months ended 30th June 2020 of approximately HK\$40 million to HK\$45 million compared to the corresponding period last year, the decrease is mainly due to the following:

- (i) decrease in normal operating results of GDH due to impact by the novel coronavirus ("COVID-19"); and
- (ii) increase in costs due to a new incentive plan of GDH. Even though in the capital market, such non-cash costs are usually assessed separately from the core business, the Company is still required to make accounting adjustment in accordance with the HKFRS and to bear the costs in corresponding to the shareholding proportion.

With respect to the core business, the outbreak of COVID-19 has had a tremendous impact on the global economy, the Group's operations have inevitably been affected. The Group's adjusted EBITDA in Hong Kong and the Asia-Pacific region remains stable compared to the corresponding period last year. However, the impact is expected to become more apparent in the coming six months to one year. The Group will maintain the sustainable development of its core business by improving operational efficiency to face upcoming challenges.

In Europe and the United States, GDH's business dropped significantly in the second quarter of this year, especially in the retail industry. However, the new normal has greatly increased the market demand for cloud technology. Therefore, GDH achieved remarkable results in expanding customer base in the technology industry in the first half of the year. It is believed that such remarkable results can further drive GDH business to gradually recover in the second half of the year.

Due to the continuing influence of geopolitics and the uncertain economic outlook, the Company will also continue to evaluate the investment value of GDH prudently.

The Company is still in the process of preparing and finalising the interim results of the Group for the six months ended 30th June 2020. The information contained in this announcement is only a preliminary assessment made by the Board based on information currently available to the Company and is not based on any figures or information that has been audited or reviewed by the Company's auditor or the Audit Committee of the Company. The Group's results will be disclosed in the interim results announcement of the Company for the six months ended 30th June 2020 which is expected to be released on 26th August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Automated Systems Holdings Limited
Ngan Wai Hing
Company Secretary

Hong Kong, 14th August 2020

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.