

AUTOMATED ANNOUNCES 2020 ANNUAL RESULTS

Asia Pacific Business Remains Stable Revenue up 4.5% to HK\$1,988.8 Million

U.S. & Europe Business Records One-off Gain of HK\$832.4 Million

The Group's Total Net Profit Increases 753.5% to HK\$856.1 Million

Basic Earnings Per Share Soars 795.0% to 103.37 HK Cents

* * * *

New Business New Market Positioning

Launches as-a-Service via DevSecOps to Assist Enterprise in Digital Transformation

(Hong Kong, 1 April 2021) – **Automated Systems Holdings Limited** (“ASL” or “the Group”) (HKEX stock code: 771), a professional and trustworthy global unified technology services partner, announced its annual results for the year ended 31 December 2020 (the “Review Year”). The Group’s business in Asia Pacific and the U.S. and Europe performed better than the Group’s expectation, with steady performance and strong resilience. The total revenue of the Group’s continuing operation was HK\$1,988.8 million, representing a 4.5% increase from last year. The Group’s adjusted EBITDA recorded HK\$95.3 million (2019: HK\$108.6 million).

During the year under review, the Group recorded a profit attributable to the Company’s equity holders of HK\$856.3 million, with an increase of 8.2 times as compared to last year of HK\$93.3 million. The increase was mainly due to the gain of disposal of Grid Dynamics International, Inc. (“Grid Dynamics”) and its subsidiaries. The one-off gain was approximately HK\$832.4 million.

During the year under review, basic earnings per share and diluted earnings per share of the Group’s continuing and discontinued operations were 103.37 HK Cents and 103.28 HK Cents respectively, with an increase of 795.0% and 842.3% from 11.55 HK Cents and 10.96 HK Cents last year respectively. In view of the special dividend of 7.30 HK Cents which the Group has paid due to the one-off gain distributed in May 2020, the board of directors has resolved to recommend a final dividend of 3.0 HK cents per share.

The Group maintained a healthy financial position during the Review Year. The Group’s bank balances and cash stood at approximately HK\$370.5 million with a working capital ratio of 1.32:1. As at 31 December 2020, the outstanding borrowings amounted to HK\$145.9 million. During the year, orders newly secured by the Group’s continuing operation amounted to approximately HK\$1,930.3 million. As at 31 December 2020, the Group’s order book balance of continuing operation was approximately HK\$1,043.0 million.

By virtue of its success in leveraging its continuous deepening of transformation, rapid adjustment of strategies and operation methods, as well as the industry’s competitive advantages, the Group’s three core businesses in the Asia Pacific region (see the detailed description below) were roughly stable compared with last year. During the year, orders newly secured, including major projects, amounted to over HK\$1,541.2 million. Under the market downturn, the Group was still able to maintain customer loyalty, proving the Group’s solid strengths.

With respect to the **Innovative Solutions business**, its performance during the year stood out when compared with the other core businesses, with service orders newly secured recording a double-digit growth. Service revenue recorded HK\$303.6 million, with a significant increase of 25.1% compared with last year. The Group provided pertinent development and IT services for the Hong Kong Government’s mobile app “iAM Smart”, assisting the government in building a smart city. In addition, the Group continued to rank first in the

service categories under the “Standing Offer Agreement for Quality Professional Services 4”. It also secured orders from two major healthcare institutions of the Hong Kong Government, succeeded in instantly supporting the government’s epidemic-monitoring system within a short time and working together to fight the epidemic. Meanwhile, the Group also succeeded in developing mobile apps for various well-known private hospitals.

In terms of the **Intelligent Cybersecurity business**, service orders newly secured in this business performed steadily as compared with last year, service revenue recorded HK\$148.9 million, with a significant increase of 17.6%. During the year, the Group secured an order from an investment banking firm (one of the top five China-based banks) to enhance the security of its software-defined network. In the second half of 2020, the Group’s SOC service improved significantly, with the revenue from orders increased by 38.9% year-on-year. In August 2020, the Group extended its SOC business to Macau, by jointly launching the Security Operation Center (SOC²) for the regional market with CTM, so as to meet the needs of Macau customers to comply with cybersecurity, in particular, the Macau Cybersecurity Law.

Regarding the **Integrated Managed Services business**, the service orders newly secured in this business was roughly the same as last year, with service revenue recorded HK\$430.7 million. Despite the economic downturn, the Group managed to secure various orders from both new and existing major customers. For the public sector, the Group provided prompt IT support to the government’s anti-epidemic work; for the banking and finance industry, including the use of ITSM to provide IT managed support service for a local bank, and covered their needs from frontend to backend. In addition, the new customers also included a property developer, which required the Group to provide IT operation services for over 2,000 of its users across the entire city. During the year, the Group continued to heighten its competitiveness, which included supporting cloud-native application automation, so as to respond to the market’s demands for access to cloud and management of multi-cloud environment.

In regard to the **new business**, to meet the needs of enterprises for digital transformation, as-a-Service new business model is rolled out by having combined our strengths and established new market positioning, emphasizing that IT services could be consumed on demand. Meanwhile, the Group has formulated corresponding strategies and roadmaps. The Group has developed, designed and deployed as-a-Service using cloud-native application. As-a-Service comprises of several individual services, whereas each individual service introduces lateral maintenance and expansion capabilities. Meanwhile, applications are used to implement automated services, thereby achieving continuous integration and continuous deployment (CI/CD), to ensure that service interruption would not occur during the rapid deployment cycle. Such system structure responds to customer needs in a swift and safe manner, thus reduces costs, saves resources and speeds up investment returns. For the Group, the as-a-Service business model brings about considerable long-term benefits.

During the year, the Group had a significant breakthrough, by having launched two new IT managed services platform respectively, that focus on a high degree of automation, unifying the Company’s three core businesses; they adopt DevSecOps culture and smart services, support cloud-based resources and container environment, thereby laying a basic foundation for the development of a diversified as-a-Service. In the first half of 2020, the Group launched the Unified Operation Center (UOC), a cloud-based service platform that provided customers with integrated, one-stop IT managed operation, thereby achieving IT Operation as-a-Service. The market responded positively to such new service. Following the establishment of UOC, the Group launched its second as-a-Service platform – SOC², that supports the dual technology of SIEM and situation awareness, and also provides Sec as-a-Service to enterprises.

As for the **business in the U.S. and Europe**, in 2020, the Group successfully completed the spin-off of its U.S. and Europe business – Grid Dynamics as well as Grid Dynamics’s listing on NASDAQ as GDH (ticker symbol: GDYN). With such, the Group not only obtained a considerable amount of investment return, but also timely reduced the geopolitical risks faced by the Group. GDH is currently an associate of the Group. The “new normal” has led to a significant increase in the demand for cloud technology in the market, driving the continued recovery of GDH’s business, with its revenue in the fourth quarter having returned to the pre-COVID-19 level. According to 2020 SEC Form 10-K of GDH, the annual total revenue reached US\$111.3 million, and the annual adjusted EBITDA was US\$12.5 million. It is worth mentioning that, GDH joined the U.S. Equity Russell 2000 Index in the second half of the year. In December 2020, through the acquisition of Daxx Web Industries BV, a software development and technology consulting company in Netherlands, GDH rapidly expanded its business coverage to Western Europe.

Looking forward, the Group will continue to monitor the progress of economic recovery and the impact of geopolitics on customers across industries, and will strive to assist companies conduct businesses as usual. Moreover, the Group will also take appropriate contingency measures during the epidemic, so as to ensure the normal operations of the Group, while actively capturing the business opportunities arisen from the new business model under the epidemic. Furthermore, the Group will continue to adopt a two-business-lines layout with its focus on the business development in the Asia Pacific region as main business line, and the U.S. and Europe business as its auxiliary business line.

In view of the Asia Pacific business, the Group expects that according to the shifted demands to areas such as the emphasis on instant market access, agile operation and scalability, more and more enterprises will adopt the cloud to cope with operational challenges. At the beginning of 2021, the Group completed the setting up of a UOC multi-cloud management environment and will continue to invest in UOC in terms of technology and human resources for enhancing the Group's DevSecOps capabilities. In order to achieve more breakthroughs in the new business, the Group has also set up a solution center and continued to cooperate with the world's leading technology vendors, to focus on scientific research for facilitating and improving the provision of as-a-Service under on-premises and multi-cloud environments to enterprises, as well as gradually launching individual self-branded services and solutions around Dev as-a-Service, Sec as-a-Service and Ops as-a-Service; the Group has promoted the new as-a-Service business through the cooperation with partners to form cloud-native service ecosystem in the long run. On the other hand, the Group also considered increasing its investment in the cybersecurity business or expanding its services to the Greater Bay Area so as to meet the needs of regional enterprises to comply with relevant regulations. Besides, the Group will also actively invest in and introduce new business lines, set up new "tracks" and explore new growth points, with the goal to further satisfy customer needs under the cloud computing environment.

Pertaining to the regional layout, GDH's business for the first two months in 2021 continued to improve, and it is optimistic about its continuous growth in 2021. As the largest shareholder of GDH, the Group believes that it will continue to obtain good returns due to GDH's rapid development.

Overall, the Group will continue to uphold the integration of various technologies and products using our rich industry domain knowledge so as to fit customer application scenarios; to use regional layout for market expansion adhering to the footsteps of customer's business growth. The Group believes that this new market positioning can assist the Group in continuous development amidst the global wave of digital transformation as well as in becoming a professional and trustworthy unified technology services partner.

- End -

**Please refer to the 2020 annual results announcement published on 31 March 2021 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 15 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’ professional and trustworthy unified technology services 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