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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 771)

PROFIT ALERT

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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

Core business

The board of directors of the Company (the “**Board**”) anticipates that the Group will record an increase in the total revenue, and an increase of approximately 10% in the adjusted EBITDA, for the six months ended 30th June 2021 as compared to last year. The increases are mainly attributable to approximately 20% growth in newly secured orders in Hong Kong, Macau and Asia Pacific, as compared to last year, demonstrating the sound business foundation of the Group amid the pandemic.

Non-operating factors

Simultaneously, the Group also anticipates the profit during the period will have a decrease in double to the corresponding period last year, and will record a loss after tax under the impact of the following non-operating factors:

- (i) an one-off gain from the disposal and spin-off of Grid Dynamics International, Inc. (approximately HK\$772.3 million) in the corresponding period last year;
- (ii) the Group’s interests in an associate, Grid Dynamics Holdings, Inc. (“**GDH**”), was diluted by exercise of warrants of GDH; and
- (iii) the interests of the Group was diluted upon vesting of shares under the incentive plan of GDH adopted after the spin-off and listing.

The dilution effects of (ii) and (iii) above will be recorded as loss on deemed disposal of partial interests in associate (over approximately HK\$100 million in total) in accordance with the Hong Kong Accounting Standards, but there is no impact on the core business and cashflow of the Company.

Meanwhile, on 6th July 2021 (New York time), the Group received cash of approximately US\$68.7 million, before deduction of tax payment, for the partial disposal of GDH’s shares and plans to devote to the business in Asia Pacific. The relevant gain from the disposal is expected to reflect in the second half of the year and offset the book impact of (ii) and (iii) above. In addition, the Company also plans to dispose partial shares in GDH under the disposal mandate of shareholders at appropriate time in the future to realise the investment.

The Company is still in the process of preparing and finalising the interim results of the Group for the six months ended 30th June 2021. 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 interim results for the six months ended 30th June 2021 will be disclosed in the announcement which is expected to be released in late August 2021.

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, 16th July 2021

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.