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AUTOMATED SYSTEMS HOLDINGS LIMITED

自動系統集團有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code : 771)

VOLUNTARY ANNOUNCEMENT

BUSINESS UPDATE ON THE GROUP'S U.S. AND EUROPE BUSINESS

This announcement is made by Automated Systems Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited on a voluntary basis.

The board of directors (the “**Board**”) of the Company is pleased to announce the Form 10-Q of Grid Dynamics Holdings, Inc. (“**GDH**”) (NASDAQ ticker symbol: “**GDYN**”), an associate of the Company with business operating in the United States (“**U.S.**”) and Europe, for the third quarter ended 30th September 2020, which was published on 5th November 2020 (U.S. time) (the “**Form 10-Q**”). Please refer to the Form 10-Q published by GDH on the website of the U.S. Securities and Exchange Commission (<https://www.sec.gov>) for further details.

The financial results of GDH contained in the Form 10-Q have been prepared in accordance with Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the Hong Kong Financial Reporting Standards (“**HKFRS**”) that the Company uses to prepare and present its financial information.

The Board would like to draw the attention of the shareholders of the Company and potential investors to the following unaudited key financial information of GDH for the third quarter ended 30th September 2020 as stated in the Form 10-Q:

1. Total revenue was US\$26.3 million, an increase of 18% sequentially and a decrease of 16% year-over-year. The non-retail industry verticals, which represented 77% of revenue in the third quarter, grew 10% on a sequential basis and 47% on a year-over-year basis. At 48% of GDH’s third quarter revenue, the Technology vertical grew 45% year-over-year and represented the company’s largest industry vertical. There is a positive development for further diversifications, which GDH continued to expand its customer base across industry verticals that included Technology, Financials, and Medical Devices.
2. U.S. GAAP Net Loss attributable to common stockholders was US\$1.1 million.

3. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, other income, and stock-based compensation), a non-U.S. GAAP metric, was US\$4.2 million and shows an improved profitability over the second quarter with US\$1.2 million.

The differences between the U.S. GAAP Net Loss and adjusted EBITDA are mainly attributed to the costs from an equity incentive plan of GDH. These non-cash costs will usually be assessed separately from the core business in the capital market, however, the Company is required to make accounting adjustment in accordance with the HKFRS and to bear the non-cash costs in proportion to shareholding in GDH.

GDH grew sequentially in each month of the third quarter. More importantly, there is the same upward trend in October which leading to be confident in fourth quarter outlook and momentum toward recovery to pre-COVID levels and beyond. Furthermore, the Board anticipates GDH's revenue run rate to approach the level it had at the end of 2019 with strong contributions from its top clients, including Apple and Google.

Overall, the Group will focus its business development in the Asia Pacific region as its main business line at the current stage, with the U.S. and Europe business as its auxiliary business line. Looking forward, the "new normal" has accelerated the demand for digital transformation of enterprises. The Board anticipates that customers' demand for the group's technical expertise and IT Operation "as-a-service" managed service will continue in the future.

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, 10th November 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.