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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 of not less than 10% in the adjusted EBITDA for the year ended 31st December 2021 as compared to last year, which is driven by a nearly 20% growth in orders newly secured in Hong Kong, Macau and Asia Pacific as compared to last year, and is expected to hit a three-year record high.

The adjusted EBITDA is a financial indicator other than Hong Kong Financial Reporting Standards (“HKFRSs”), save for the gain or loss arising from non-core businesses, one-off project (such as investment gain.) and non-cash income or expenses arising from the non-recurring events (such as share-based payment expenses, etc.). The management of the Company considers that such indicator can provide investors with more reliable evaluation to the core businesses of the Group, enable the investors to have a better understanding of the operational performance on the Group’s core businesses in addition to the financial information prepared based on HKFRSs, and have a consistent comparison with the previous performance.

Non-operating factors

The financial statements of the Group prepared in accordance with the HKFRSs have been under the adverse impact of the following two non-operating items:

- (i) the Group’s interests in an associate, Grid Dynamics Holdings, Inc. (“**GDH**”), were diluted by exercise of warrants of GDH; and
- (ii) the interests of the Group were diluted upon vesting of shares and exercise of share options under the incentive plan of GDH adopted after the spin-off and listing.

The impacts above will be recorded as loss on deemed disposal of partial interests in associates (approximately HK\$170 million in total) in accordance with the Hong Kong Accounting Standards, but there is no impact on the performance of the core businesses and cashflow of the Company.

The partial disposal of shares of GDH mentioned in the profit alert announcement of the Company published on 16th July 2021 took place on 6th July 2021 (New York time). It recorded gain after tax of more than HK\$100 million, but such gain could not fully offset the above impacts, and a net proceed of approximately US\$68.7 million (before tax) was used for distribution of special dividend and supporting the development of the business in Asia Pacific.

Simultaneously, as compared with the one-off gain (approximately HK\$832.4 million) recorded last year arising from the disposal and spin-off of Grid Dynamics International, Inc., the Group anticipates that profit for the year will decrease over a double as compared to last year, and will record a loss after tax.

The Company is still in the process of preparing and finalising the annual results of the Group for the year ended 31st December 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 such information has neither been audited by the Company's auditor or reviewed by the Audit Committee of the Company. The above information may be adjusted after further review. The Group's annual results for the year ended 31st December 2021 will be disclosed in the announcement which is expected to be released in late March 2022.

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 Lau Nga Ting
Joint Company Secretary

Hong Kong, 31st January 2022

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.