

AUTOMATED ANNOUNCES 2016 ANNUAL RESULTS

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Capitalizes on the Competitive Edges of One-stop Managed Services Captures Business Growth by Grasping New Opportunities

(Hong Kong, 21 March 2017) – **Automated Systems Holdings Limited** (“ASL” or “the Group”) (stock code: 771), a trustworthy and professional information technology (“IT”) partner in the region, announced its annual results for the year ended 31 December 2016 (the “Review Year”). During the Review Year, total revenue of the Group was HK\$1,522.0 million, representing a 1.1% increase from last year, which was contributed by the increase in service revenue.

The Group recorded profit attributable to the Group’s equity holders of HK\$28.8 million, a rise of 46.1% compared to last year of HK\$19.7 million. Basic earnings per share increased to 8.21 HK cents, an increase of 44.8% compared to last year. (2015: 5.67 HK cents). The Board recommended a Bonus Issue on the basis of one Bonus Share, credited as fully paid, for every ten existing shares held by the shareholders of the Group whose names appear on the register of members on Monday, 29th May 2017. It is believed that the Bonus Issue will enhance the liquidity on the capital level.

Upon the ongoing implementation of various measures relating to human resources integration, effectiveness of operational efficiency and marketing promotion, the gross profit margin was 11.0%, an increase of 14.9% compared to last year.

The Group maintained a healthy financial position. As at 31st December 2016, the Group’s cash stood at approximately HK\$237.8 million with a working capital ratio of 1.94:1. During the Review Year, orders newly secured by the Group amounted to approximately HK\$1,602.5 million. As at 31st December 2016, the order book balance was approximately HK\$963.4 million, an increase of 7.4% compared to last year while borrowings amounted to HK\$10.0 million.

Product sales was HK\$840.0 million (2015: HK\$845.8 million) while service revenue was increased by 3.3% to HK\$682.0 million. Product sales and service revenue contributed 55.2% and 44.8% to total revenue respectively. Commercial and public sector sales contributed 48.4% and 51.6% to total revenue respectively (2015: 45.9% and 54.1%).

In respect of the managed service business, the result was particularly impressive. As there is an increasing demand for enhancing operational efficiency from the public and private sectors in Hong Kong and the Greater China region, the Group has successfully introduced a “customer-oriented” concept to various locally-based enterprises through providing long-term Information Technology (“IT”) managed services and those enterprises may outsource their IT support and management operations to third party. This has considerably increased the business flexibility of those enterprises and, with the performance pledge made by the Group, further increased their support service standard and coverage.

During the year, the Group is committed to serving various organizations in both public and private sectors and completing various IT-related large-scale projects. The Group has performed particularly well in private sector projects and implemented multiple data center upgrade projects for different enterprises (including a large-scale software-defined networking project). In addition, as one of the few competitive managed security services providers in the market, the Group continued to leverage its capabilities during the year to achieve satisfactory progress in the security solutions business and successfully help many enterprises in preventing their IT system from damaging by new types of network attacks.

As a strategy to meet customers' buoyant demand for IT Service Management (ITSM), the Group expanded its Service Center in the first half of 2016 and further upgraded its IT infrastructure in the second half of the year, with a view to improve efficiency and quality of its Service Center and enhance its capability in the provision of one-stop IT managed service support for customers. The establishment and upgrading of the Service Center further demonstrates the Group's competency to implement more large-scale and sophisticated projects, and also underscores the Group's determination to grasp the aforementioned emerging opportunities in managed services.

New generation of digital technologies (including Cloud, Mobile, Big Data and Analytics and Social Business) (collectively referred to as the "third platform" technologies as defined by International Data Corporation ("IDC")) are growing rapidly and becoming increasingly popular in its adoption across industries. This shows that traditional IT enterprise and applications architecture will not be able to meet the long-term needs of companies for digital technologies. During the year, more and more companies leveraged the third platform technologies to develop new mission-critical business applications and services to reduce costs, streamline operational procedures and improve business agility. In view of market demands, the Group entered into an agreement and plan of merger (the "Acquisition") on 16th December 2016 with Grid Dynamics International, Inc. ("Grid Dynamics"), a company incorporated in California in the United States, and agreed to acquire Grid Dynamics at a total consideration of approximately US\$118 million in order to expand its business footprint and consolidate its market position. Grid Dynamics is a provider of open, scalable, next-generation e-commerce technology solutions in the areas of omni-channel digital platforms, cloud-enablement, big data analytics and continuous delivery. The Group is expected to quickly capture the opportunities arising from the third platform technology through the Acquisition. Upon the completion of the Acquisition, Grid Dynamics will become a wholly-owned subsidiary of the Group. Closing of the Acquisition is based on a number of conditions, including obtaining the approval from the Committee on Foreign Investment in the United States. The transaction is expected to be completed in the first half of 2017, details of which are set out in the announcement dated 19th December 2016 and the circular dated 6th March 2017 of the Group respectively.

With the popularity and rapid development of the third platform technologies, the Group anticipates that more and more customers will take the service-oriented architecture approach as a priority when purchasing hardware and software. Meanwhile, enterprises are expected to further widely use cloud platforms and cloud services as their primary infrastructure and corporate application services respectively, which will drive the development of their cloud-related business and cloud services outsourcing. In addition, enterprises will also place great importance to data and network security (in the areas including IT infrastructure covering on premise, virtual and cloud environments) in the course of their cloud deployment. All of these are the opportunities for us, where also lie the challenges.

With the development of new technologies and change of consumer behavior pattern, the Group also expected that there would be more and more enterprises requiring faster service deliveries to meet the ever-changing needs of their customers. In view of this, the Group conducted internal trainings on DevOps (the combination of a new superior IT service delivery and agile application development methodologies) to increase the efficiency of the Group's application development, improve its quality and reduce risks by enhancing technical expertise and automating the application deployment, so as to capture business opportunities. On the other hand, the Group adopted Agile development to speed up the overall service delivery process and enable customers of the Group to meet market needs promptly.

In response to the new business ecosystem emerging in the IT industry, the Group is of the view that IT service providers should make appropriate transformation and change according to changes of demand. The Group is required to have the ability to provide a comprehensive service, which includes integrating the cloud, mobile, analytics and security services into a flexible, people-oriented and innovative service, to ensure the smooth digital transformation of customers. In addition, as enterprises currently still have certain demands on the traditional infrastructure and related services, the Group would continue to

leverage its core competitiveness (including rich experience on systems integration and a strong professional team) on the second platform, and through a series of initiatives on the uplift of technical competency and services quality so as to flexibly cater the needs of digital transformation of the customers and safeguard their data security. In the long run, the Group anticipates to quickly become a major IT service provider on the third platform in the Greater China region through the Acquisition. Looking forward, the Group will strenuously consolidate its leading position in the IT industry and leverage its competitiveness through the development of innovative technologies and grasping new opportunities (including omni-channel digital platforms, e-Commerce and Fintech, etc).

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About Automated Systems Holdings Limited

Automated Systems (H.K.) Limited was founded in Hong Kong in 1973 and was listed on the Stock Exchange of Hong Kong Limited under the name of Automated Systems Holdings Limited (“The ASL Group” or “the Group”) (Stock Code: 771) in November 1997. The ASL Group's ultimate controlling shareholder is Beijing Teamsun Technology Co., Ltd. (“Teamsun”) whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600410). The Group is a member of the Teamsun Group which recorded turnover of more than RMB5.0 billion and has more than 5,000 employees. The ASL Group, consisting of Automated Systems (H.K.) Limited, ELM Computer Technologies Limited, CSA Automated (Macau) Limited, Guangzhou Automated Systems Limited, ASL Automated (Thailand) Limited. In addition, i-Sprint Innovations Pte Ltd is our associate company. We offer professional information technology services to corporate clients worldwide, particularly in the Greater China and Asia covering Hong Kong, Mainland China, Taiwan, Macau, Thailand, Singapore, Malaysia, etc. After more than 40 years of success, the ASL Group has established its reputation as a trustworthy and professional IT partner in Asia.

With its strong commitment to quality services, the ASL Group has been winning well-known clients such as government agencies, prestigious universities, telecommunications giants, transportation enterprises, major financial institutions, and leading international corporations.

For more information, please visit our web page at <http://www.asl.com.hk>.

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