

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022

GROUP PERFORMANCE OVERVIEW

(HK\$ million)

Group Consolidated Financial Result			
Revenue ▲ 8.1% HK\$ 2,215.5 (2021: HK\$2,049.6)	Profit for the year ▲ 2,358.5% HK\$ 101.6 (2021: HK\$4.1)	Basic Earnings Per Share (HK Cents) 12.19 (2021: 0.50)	Final Dividend (HK Cents) 3.0 (2021: 3.0)

Core Business		Interest in Associates	Non-Operating Items
Order System Integration & Other Businesses ▲ 5.3% HK\$ 1,266.2 (2021: HK\$1,202.7)	Order Unified Technology Services ▲ 8.7% HK\$ 1,156.5 (2021: HK\$1,063.5)	Share of Results of Associates HK\$ (62.2) (2021: HK\$(30.4))	Adjusted Investment Activities* Nil (2021: HK\$142.7)
Revenue ▲ 8.1% HK\$ 2,215.5 (2021: HK\$2,049.6)	Adjusted EBITDA* ▲ 15.8% HK\$ 128.1 (2021: HK\$110.6)	Net Gain/(Loss) on Deemed Disposal of Partial Interest in an Associate HK\$ 64.1 (2021: HK\$(176.5))	Adjusted Incomes/(Costs) Related to Corporate & Others* HK\$ 16.0 (2021: HK\$(4.5))
Adjusted Net Profit* ▲ 15.0% HK\$ 83.7 (2021: HK\$72.8)	Adjusted Operating Cash Flow* ▼ 8.0% HK\$ 69.1 (2021: HK\$75.1)		

Adjusted EBITDA:

Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortisation (Adjusted EBITDA) is calculated based on profit for the year excluding interest income and expenses, tax, depreciation and amortisation, fair value change on investment properties, equity-settled share-based payments expense, government grants, share of results of associates, gain on disposal of partial interest in an associate, gain on additional interest in an associate, net (gain) / loss on deemed disposal of partial interest in an associate and one-off professional fees.

Adjusted Net Profit:

Adjusted Net Profit is calculated based on Adjusted EBITDA adding back depreciation and amortisation and income tax expense and tax adjustments from the gain on disposal of the partial interest in an associate (except for the tax effect of a subsidiary's interest income not related to core business).

Adjusted Operating Cash Flow:

Operating cash flow of core business is calculated based on net cash from operating activities of the Group excluding tax paid in relation to disposal of the partial interest in an associate, overseas withholding tax and government grants.

Adjusted Investment Activities:

Mainly represent the gain on disposal of partial interest in an associate, gain on additional interest in an associate, related professional fees, tax impact related to investment and overseas withholding tax.

Adjusted Incomes/(Costs) Related to Corporate and Others:

Mainly represent the fair value change on investment properties, equity-settled share-based payments expense, government grants, tax adjustments from the gain on disposal of the partial interest in an associate and finance costs and income, the one-off professional fees are excluded and disclosed as Adjusted Investment Activities.

System Integration & Other Businesses:

Being the business of information technology in supplying of information technology and associated products carried out by the Group, and Professional Service carried out by subsidiaries, other than Automated Systems (H.K.) Limited.

Unified Technology Service:

Being the business of information technology in providing systems integration, software and consulting services, engineering support for products and solutions and managed services carried out by a subsidiary, Automated Systems (H.K.) Limited.

*:

The information is not a measure required by or presented in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results or operations or financial condition as reported under HKFRS.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Automated Systems Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group” or “ASL”) for the year ended 31st December 2022 together with comparative figures for the year ended 31st December 2021 as follows:

Consolidated Statement of Profit or Loss

		Audited	
		Year ended	
		31st December	
	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
Revenue	3	2,215,486	2,049,620
Cost of goods sold		(945,735)	(923,434)
Cost of services rendered		(996,459)	(894,996)
Other income	4	4,427	3,584
Other gain/(loss), net	5	61,467	(20,838)
Fair value loss on investment properties		(2,300)	—
Selling expenses		(90,188)	(87,409)
Administrative expenses		(61,729)	(62,506)
Finance income	6	158	271
Finance costs		(3,545)	(3,956)
Share of results of associates		(62,196)	(30,427)
		<hr/>	<hr/>
Profit before income tax	7	119,386	29,909
Income tax expense	8	(17,801)	(25,777)
		<hr/>	<hr/>
Profit for the year attributable to equity holders of the Company		101,585	4,132
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company:	<i>10</i>		
— Basic		12.19	0.50
— Diluted		12.18	0.49
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Comprehensive Income

	Audited	
	Year ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Profit for the year	101,585	4,132
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Revaluation (loss)/surplus of land and buildings	(753)	10,630
Deferred taxation arising from revaluation of land and buildings	124	(1,754)
Fair value loss on equity investment	—	(598)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of overseas operations	(6,017)	6,651
Share of other comprehensive loss of associates	(589)	(924)
Total comprehensive income for the year attributable to equity holders of the Company	<u>94,350</u>	<u>18,137</u>

Consolidated Statement of Financial Position

		Audited	
		31st December	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	339,757	306,419
Investment properties	<i>12</i>	52,000	54,300
Intangible assets		—	—
Interests in associates	<i>13</i>	1,192,897	1,191,768
Financial asset at fair value through other comprehensive income (“FVOCI”)		3,899	—
Finance lease receivables		2,362	2,044
Deferred income tax assets		1,213	1,293
		<u>1,592,128</u>	<u>1,555,824</u>
CURRENT ASSETS			
Inventories		286,532	234,017
Trade receivables	<i>14</i>	192,079	171,478
Finance lease receivables		2,656	2,244
Other receivables, deposits and prepayments	<i>15</i>	28,713	21,872
Contract assets		368,298	284,880
Tax recoverable		14,242	12,415
Bank balances and cash	<i>16</i>	547,635	603,947
		<u>1,440,155</u>	<u>1,330,853</u>
TOTAL ASSETS		<u>3,032,283</u>	<u>2,886,677</u>
EQUITY			
Share capital		83,370	83,358
Share premium		403,164	403,043
Reserves		1,573,285	1,503,924
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>2,059,819</u>	<u>1,990,325</u>

Consolidated Statement of Financial Position (Continued)

		Audited	
		31st December	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		169,423	169,209
Lease liabilities		2,166	6,176
		<u>171,589</u>	<u>175,385</u>
CURRENT LIABILITIES			
Trade payables	<i>17</i>	313,598	258,508
Other payables and accruals	<i>18</i>	169,077	156,738
Receipts in advance		246,561	195,898
Current income tax liabilities		7,724	2,768
Bank borrowings	<i>19</i>	56,347	101,099
Lease liabilities		7,568	5,956
		<u>800,875</u>	<u>720,967</u>
TOTAL LIABILITIES		<u>972,464</u>	<u>896,352</u>
TOTAL EQUITY AND LIABILITIES		<u>3,032,283</u>	<u>2,886,677</u>
NET CURRENT ASSETS		<u>639,280</u>	<u>609,886</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,231,408</u>	<u>2,165,710</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(i) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been prepared under the historical cost basis except for land and buildings, investment properties and equity investment classified as financial assets at FVOCI, which are stated at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Amended HKFRSs that are effective for the annual periods beginning on 1st January 2022:

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1st January 2022:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of these amended HKFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Issued but not yet effective HKFRSs:

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and other related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1st January 2023

² Effective for annual periods beginning on or after 1st January 2024

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue is analysed as follows:

	Audited Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Sales of goods	1,090,786	1,051,860
Revenue from service contracts	1,124,700	997,760
	<u>2,215,486</u>	<u>2,049,620</u>

The executive directors have been identified as the chief operating decision maker. The executive directors have reviewed the Group's internal reporting in order to assess the performance and allocate resources. The executive directors have determined the operating segments based on the Group's internal reporting.

The Group is currently organised into two (2021: two) operating divisions — Information Technology Products ("IT Products") and Information Technology Services ("IT Services").

These divisions are the basis on which the Group reports its primary segment information to the chief operating decision maker. The business nature of each segment is disclosed as follows:

IT Products

Being the business of information technology in supplying of information technology and associated products.

3. REVENUE AND SEGMENT INFORMATION (Continued)

IT Services

Being the business of information technology in providing systems integration, software and consulting services, engineering support for products and solutions and managed services.

The Group's revenue and results by operating segments for the year are presented below:

Audited

Year ended 31st December 2022

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	1,090,786	1,124,700	2,215,486
Intersegment revenue	2,433	21,695	24,128
Segment revenue	1,093,219	1,146,395	2,239,614
Reportable segment profit	101,600	77,818	179,418
Segment depreciation	3,432	13,531	16,963
Additions to property, plant and equipment*	61	4,314	4,375

* Additions to property, plant and equipment of HK\$55,085,000 were related to unallocated assets.

Audited

Year ended 31st December 2021

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	1,051,860	997,760	2,049,620
Intersegment revenue	2,474	18,875	21,349
Segment revenue	1,054,334	1,016,635	2,070,969
Reportable segment profit	91,782	45,838	137,620
Segment depreciation	2,514	10,059	12,573
Additions to property, plant and equipment*	135	6,811	6,946

* Additions to property, plant and equipment of HK\$14,542,000 were related to unallocated assets.

3. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's assets and liabilities by operating segments as at reporting dates are presented below:

Audited

As at 31st December 2022

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	467,958	398,915	866,873
Reportable segment liabilities	<u>378,680</u>	<u>226,424</u>	<u>605,104</u>

Audited

As at 31st December 2021

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	376,687	329,333	706,020
Reportable segment liabilities	<u>306,208</u>	<u>194,421</u>	<u>500,629</u>

(a) Segment accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit that is used by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Income tax expense is not allocated to reportable segments.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

Reportable segment profit is profit before income tax, excluding unallocated other income, unallocated other gain/loss, net, share of results of associates, unallocated depreciation for property, plant and equipment that are used for all segments, fair value loss on investment properties, finance costs and unallocated corporate expenses (mainly include staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associates, deferred income tax assets, tax recoverable, bank balances and cash and unallocated corporate assets (mainly include property, plant and equipment and investment properties that are used by all segments, prepayments, deposits, other receivables and financial asset at FVOCI).

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities, which mainly include lease liabilities, accrued charges of the head office and bank borrowings.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities

Reportable segment revenue, profit or loss, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows:

	Audited	
	Year ended	
	31st December	
	2022	2021
Revenue	HK\$'000	HK\$'000
Reportable segment revenue	2,239,614	2,070,969
Elimination of intersegment revenue	<u>(24,128)</u>	<u>(21,349)</u>
Revenue per consolidated statement of profit or loss	<u>2,215,486</u>	<u>2,049,620</u>
	Audited	
	Year ended	
	31st December	
	2022	2021
Profit or loss	HK\$'000	HK\$'000
Reportable segment profit	179,418	137,620
Unallocated amounts:		
Unallocated other income	4,046	3,337
Unallocated other gain/(loss), net	61,467	(20,838)
Fair value loss on investment properties	(2,300)	—
Unallocated depreciation	(7,709)	(10,940)
Share of results of associates	(62,196)	(30,427)
Finance costs	(3,545)	(3,956)
Unallocated corporate expenses	<u>(49,795)</u>	<u>(44,887)</u>
Profit before income tax per consolidated statement of profit or loss	<u>119,386</u>	<u>29,909</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities (Continued)

Reportable segment revenue, profit or loss, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows: (Continued)

	Audited	
	31st December	
	2022	2021
Assets	HK\$'000	HK\$'000
Reportable segment assets	866,873	706,020
Unallocated assets:		
Interests in associates	1,192,897	1,191,768
Deferred income tax assets	1,213	1,293
Tax recoverable	14,242	12,415
Bank balances and cash	547,635	603,947
Unallocated corporate assets	409,423	371,234
	<u>3,032,283</u>	<u>2,886,677</u>
Total assets per consolidated statement of financial position	<u>3,032,283</u>	<u>2,886,677</u>
	Audited	
	31st December	
	2022	2021
Liabilities	HK\$'000	HK\$'000
Reportable segment liabilities	605,104	500,629
Unallocated liabilities:		
Current income tax liabilities	7,724	2,768
Deferred income tax liabilities	169,423	169,209
Unallocated corporate liabilities	190,213	223,746
	<u>972,464</u>	<u>896,352</u>
Total liabilities per consolidated statement of financial position	<u>972,464</u>	<u>896,352</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Reconciliation of the reportable segment revenue, profit or loss, assets and liabilities (Continued)

The following table sets out information about the geographical segment location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Place of domicile	Revenue from external customers	
	Audited	
	Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	2,117,204	1,948,100
Mainland China	4,154	3,531
Macau	29,917	37,841
Thailand	47,529	42,948
Taiwan	16,682	17,200
	<u>2,215,486</u>	<u>2,049,620</u>

Information about major customers

The Group has one (2021: one) customer with whom transaction exceeded 10% of the Group's revenue amounted to approximately HK\$377,407,000 during the year ended 31st December 2022 (2021: HK\$294,697,000).

The following table sets out information about the geographical segment location of the Group's non-current assets (other than financial instruments and deferred income tax assets). The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and investment properties, the location of the operations to which they are allocated in the case of intangible assets, and the location of operations in the case of interests in associates.

Place of domicile	Specified non-current assets	
	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	335,461	355,246
US	1,172,146	1,172,303
Singapore	19,952	18,736
Mainland China	52,545	4,816
Macau	3,688	1,183
Thailand	333	124
Taiwan	529	79
	<u>1,584,654</u>	<u>1,552,487</u>

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point of time, details of the Group's timing of revenue recognition were as follows:

	Audited Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Timing of revenue recognition		
At a point in time	1,256,420	1,196,861
Over time	959,066	852,759
Revenue from external customers	<u>2,215,486</u>	<u>2,049,620</u>

Revenue relates to performance obligation that are unsatisfied as at 31st December 2022 amounted to HK\$1,395,613,000 (2021: HK\$1,214,337,000) are expected to be recognised within one to five years.

4. OTHER INCOME

	Audited Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank deposits	398	43
Rental income from investment properties	2,751	2,425
Others	1,278	1,116
	<u>4,427</u>	<u>3,584</u>

5. OTHER GAIN/(LOSS), NET

	Audited Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	—	98
Gain on additional interest in an associate	—	25,909
Gain on disposal of partial interest in an associate	—	129,617
Exchange (loss)/gain, net	(2,460)	9
Net gain/(loss) on deemed disposal of partial interest in an associate	64,063	(176,471)
Others	(136)	—
	<u>61,467</u>	<u>(20,838)</u>

6. FINANCE INCOME

Finance income represents accretion of discount recognised upon initial recognition of finance lease receivables to their fair values.

7. PROFIT BEFORE INCOME TAX

	Audited	
	Year ended	
	31st December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration:		
Audit services		
— Current year	2,183	2,172
— Over-provision in respect of prior year	(120)	(32)
Non-audit services	950	1,601
Depreciation:		
— Property, plant and equipment — owned assets	17,844	16,708
— Property, plant and equipment — right-of-use assets	6,828	6,805
Professional fee related to partial disposal of an associate	—	1,640
Lease charges:		
— Short term leases	2,008	1,236
ECL allowance of trade receivables	1,207	3,768
Reversal of ECL allowance of trade receivables	(396)	(2,934)
ECL allowance of contract assets	—	847
(Reversal of provision for)/Provision for obsolete inventories, net	(48)	63
Write off of inventories	64	74
	<u>64</u>	<u>74</u>

8. INCOME TAX EXPENSE

	Audited	
	Year ended	
	31st December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation:		
Hong Kong profits tax (<i>Note (i)</i>)	17,943	14,814
Overseas taxation	1,417	11,879
Overseas withholding tax (<i>Note (ii)</i>)	—	1,745
Overprovision in respect of prior years:		
Hong Kong profits tax	(63)	(196)
Overseas taxation	(1,939)	(126)
	<u>17,358</u>	<u>28,116</u>
Deferred taxation:		
Current year	443	(2,339)
Income tax expense	<u>17,801</u>	<u>25,777</u>

8. INCOME TAX EXPENSE (Continued)

Notes:

- (i) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the years ended 31st December 2022 and 2021, Hong Kong profits tax of a subsidiary of the Company is calculated in accordance with the two-tiered profits tax rates regime.
- (ii) Pursuant to the US Foreign Account Tax Compliance Act, a tax law enacted in the US, a 30% withholding tax is levied on interest income received by a non-US resident from a US resident. The Group is liable to withholding tax on the interest income received in cash by non-US subsidiaries from the US subsidiary during the year ended 31st December 2021.

9. DIVIDENDS

	Audited Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Dividend approved and paid:		
Final dividend in respect of the year ended 31st December 2021 of 3.0 HK cents (2021: in respect of the year ended 31st December 2020 of 3.0 HK cents) per share	25,011	24,973
Special dividend of nil (2021: 24.0 HK cents per share)	—	200,006
	<u>25,011</u>	<u>224,979</u>
	Year ended 31st December	
	2022	2021
	HK\$'000	HK\$'000
Dividend proposed:		
Final dividend in respect of the year ended 31st December 2022 of 3.0 HK cents (2021: in respect of the year ended 31st December 2021 of 3.0 HK cents) per share (Note)	25,011	25,008

The Directors have resolved to recommend the payment of a final dividend in respect of the year ended 31st December 2022 of 3.0 HK cents per share subject to the approval of shareholders at the forthcoming annual general meeting.

Note:

The proposed final dividend for the year ended 31st December 2022, as referred to above, is calculated on the basis of 833,696,492 (2021: 833,584,192) ordinary shares in issue as at 31st December 2022 and at a final dividend of 3.0 HK cents (2021: 3.0 HK cents) per share.

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Audited	
	Year ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company for basic and diluted earnings per share	101,585	4,132
	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for basic earnings per share (<i>Note (a)</i>)	833,671	832,673
Effect of dilutive potential ordinary shares — Share options (<i>Note (b)</i>)	346	6,238
Weighted average number of ordinary shares for diluted earnings per share	834,017	838,911
	Audited	
	Year ended	
	31st December	
	2022	2021
	HK cents	HK cents
Earnings per share		
— Basic	12.19	0.50
— Diluted	12.18	0.49

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY *(Continued)*

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data: *(Continued)*

Notes:

- (a) The 833,671,000 ordinary shares are derived from the weighted average number of ordinary shares in issue during the year ended 31st December 2022.

The 832,673,000 ordinary shares are derived from the weighted average number of ordinary shares in issue during the year ended 31st December 2021.

- (b) The calculation of the diluted earnings per share for the years ended 31st December 2021 and 2022 assumed the exercise of the share options of the Company granted in 2012 and 2017 but has not taken into account the effect of the dilutive instruments issued by the Group's associates as they are considered as anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31st December 2022, additions to property, plant and equipment was approximately HK\$59,460,000 (2021: HK\$21,488,000), mainly for the acquisition of property in Guangzhou, computer and office equipment and furniture and fixtures (2021: computer and office equipment, furniture and fixtures and right-of-use assets). Total addition to right-of-use assets and right-of-use assets with reassessment of lease term of nil (2021: HK\$5,739,000) and HK\$4,935,000 (2021: HK\$6,406,000) respectively during the year ended 31st December 2022, of which all are related to office premises.

The Group's land and buildings were stated at valuations made at 31st December 2022 and 2021. The land and buildings were last revalued by an independent professional valuer, at 31st December 2022 and 2021, at market value basis which is determined by reference to market evidence of recent transactions for similar properties. The revaluation gave rise to a revaluation loss net of applicable deferred income taxes of approximately HK\$629,000 (2021: revaluation surplus net of applicable deferred income taxes of approximately HK\$8,876,000) which has been included in the property revaluation reserve.

As at 31st December 2022, if the land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost, less accumulated depreciation and amortisation, of approximately HK\$78,947,000 (2021: HK\$31,840,000).

As at 31st December 2022, the Group had pledged land and buildings with carrying amount of HK\$159,600,000 (2021: HK\$166,700,000) to secure banking facilities granted to the Group as disclosed in Note 20.

12. INVESTMENT PROPERTIES

The investment properties of the Group were last revalued by an independent professional valuer at 31st December 2022 and 2021 at market value basis, which is determined by reference to market evidence of recent transactions for similar properties.

As at 31st December 2022, the Group had pledged investment properties with carrying amount of HK\$52,000,000 (2021: HK\$54,300,000) to secure banking facilities granted to the Group as disclosed in Note 20.

13. INTERESTS IN ASSOCIATES

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
At 1st January	1,191,768	1,769,196
Additional interest in an associate	—	25,909
Disposal of partial interest in an associate	—	(403,147)
Net gain/(loss) on deemed disposal of partial interest in an associate	64,063	(176,471)
Share of results of associates	(62,196)	(30,427)
Share of other comprehensive loss of associates	(589)	(924)
Exchange realignment	(149)	7,632
	<u>1,192,897</u>	<u>1,191,768</u>
At 31st December	<u>1,192,897</u>	<u>1,191,768</u>

14. TRADE RECEIVABLES

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables — gross	201,194	179,961
Less: ECL allowance	(9,115)	(8,483)
	<u>192,079</u>	<u>171,478</u>
Trade receivables — net	<u>192,079</u>	<u>171,478</u>

The Group has granted credit to substantially all of its customers for 30 days and has credit control procedures to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Based on the invoice dates, the ageing analysis of the gross trade receivables is as follows:

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
0 — 30 days	128,816	87,954
31 — 60 days	26,553	47,096
61 — 90 days	15,575	19,663
Over 90 days	30,250	25,248
	<u>201,194</u>	<u>179,961</u>

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Other receivables	2,082	2,108
Deposits	6,652	4,896
Prepayments	16,258	12,962
Amount due from ultimate holding company	832	832
Amounts due from associates	3,239	1,501
Amount due from a fellow subsidiary	482	405
	<hr/>	<hr/>
Other receivables, deposits and prepayments — gross	29,545	22,704
Less: ECL allowance	(832)	(832)
	<hr/>	<hr/>
Other receivables, deposits and prepayments — net	<u>28,713</u>	<u>21,872</u>

16. BANK BALANCES AND CASH

As at 31st December 2022, bank balances carry interest at market rates with an average interest rate of 0.10% (2021: 0.03%) per annum.

17. TRADE PAYABLES

An ageing analysis of the trade payables as at the reporting date, based on payment due date, is as follows:

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Current	204,746	180,403
Within 30 days	69,145	51,341
31 — 60 days	20,663	13,522
61 — 90 days	2,059	1,473
Over 90 days	16,985	11,769
	<hr/>	<hr/>
	<u>313,598</u>	<u>258,508</u>

18. OTHER PAYABLES AND ACCRUALS

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Other payables	5,026	5,871
Accruals	162,778	149,591
Amount due to ultimate holding company	1,247	1,276
Amounts due to associates	26	—
	<hr/>	<hr/>
	<u>169,077</u>	<u>156,738</u>

19. BANK BORROWINGS

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Current		
Bank borrowings, secured	<u>56,347</u>	<u>101,099</u>

The Group's bank borrowings are repayable as follows:

	Audited	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Within one year or on demand	<u>56,347</u>	<u>101,099</u>

The bank borrowings are repayable by 60 equal monthly instalments commencing from 29th March 2019 and bears interest at floating interest rate. As at 31st December 2022, the bank borrowings bears interest at floating interest rate and are denominated in Hong Kong Dollar with an effective interest rate of 5.60% (2021: 3.39%) per annum.

As at 31st December 2022, the bank borrowings are secured by:

- (1) the legal charges over the Group's land and buildings with carrying amount of approximately HK\$159,600,000 (2021: HK\$166,700,000) (Note 11);
- (2) the legal charges over the Group's investment properties with carrying amount of HK\$52,000,000 (2021: HK\$54,300,000) (Note 12);
- (3) the guarantee given by the Company and certain subsidiaries of the Group up to a limit of HK\$330,000,000 (2021: HK\$330,000,000);
- (4) assignment of rental and sales proceeds from the Group's land and buildings and investment properties; and
- (5) assignment of insurance of all insurance policies (other than third party liabilities and public liabilities) over the Group's land and buildings and investment properties.

The banking facilities of term loan is subject to the fulfillment of certain financial and non-financial covenants relating to certain subsidiaries of the Group, which are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants, is up to the date with the scheduled repayments of the loans and does not consider it probable that the banks will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

Subject to repayment on demand clauses which can be exercised at the banks' sole discretion, the above bank borrowings are classified as current liabilities as at 31st December 2022 and 2021.

20. PLEDGE OF ASSETS

As at 31st December 2022, the Group's land and buildings with carrying amount of HK\$159,600,000 (2021: HK\$166,700,000) (Note 11) and investment properties with carrying amount of HK\$52,000,000 (2021: HK\$54,300,000) (Note 12) were pledged to secure the Group's bank borrowings.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 3.0 HK cents per share for the year ended 31st December 2022 (2021: 3.0 HK cents). Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on Wednesday, 21st June 2023 to shareholders whose names appear on the register of members of the Company on Wednesday, 7th June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31st December 2022, total revenue of the Group was HK\$2,215.5 million, representing a 8.1% increase from the last year, in which product sales was increased by 3.7% to HK\$1,090.8 million and service revenue was increased by 12.7% to HK\$1,124.7 million. In addition, product sales and service revenue contributed 49.2% and 50.8% to total revenue respectively, compared to 51.3% and 48.7% respectively of last year.

For the year ended 31st December 2022, commercial and public sector sales contributed 37.8% and 62.2% to total revenue respectively, compared to 39.5% and 60.5% respectively of last year.

Gross profit for the year ended 31st December 2022 was HK\$257.6 million, an increase of HK\$26.7 million or 11.5% compared to last year, factoring out the government grants for wage subsidies. The increases were primarily attributable to growth in orders newly secured in Hong Kong and other Asia Pacific regions, as compared to last year.

During the year under review, the Group recorded a profit for the year attributable to the Company's equity holders of HK\$101.6 million, an increase of 2,358.5% compared to last year of HK\$4.1 million. The increase was primarily attributable to the increase in gains from interest in an associate for non-recurring items and the increase in "Adjusted EBITDA" driven by growth in orders newly secured as compared to last year.

For the year ended 31st December 2022, orders newly secured by the Group's amounted to approximately HK\$2,422.7 million. As at 31st December 2022, the Group's order book balance was approximately HK\$1,395.6 million. The Group's net cash stood at approximately HK\$547.6 million with a working capital ratio of 1.8:1. The Group maintained a healthy financial position. As at 31st December 2022, the outstanding borrowings amounted to HK\$56.3 million.

Adjusted EBITDA for the year ended 31st December 2022 was HK\$128.1 million, an increase of 15.8% compared to last year. The "Adjusted EBITDA" excludes certain items that are non-cash or non-recurring in nature. It is a non-HKFRS financial measures used by the Company's management to evaluate the operating performance and trends of the Group's core business, to make strategic decisions regarding the allocation of capital and investments. "Adjusted EBITDA" is not a measure required by or presented in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The use of it has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results or operations or financial condition as reported under HKFRS.

The reconciliations from “Profit for the year” to “Adjusted EBITDA” the year ended 31st December 2022 and 2021 are as follows:

	Year ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Profit for the year — HKFRS measure	101,585	4,132
Interest expenses	3,545	3,956
Interest income	(398)	(43)
Income tax expenses	17,801	25,777
	<hr/>	<hr/>
Profit before interest and tax	122,533	33,822
Adjustments for non-cash items:		
Depreciation and amortisation	24,672	23,513
Equity-settled share-based payments expense	53	282
Share of results of associates	62,196	30,427
Fair value loss on investment properties	2,300	—
Adjustments for non-recurring items:		
Gain on disposal of partial interest in an associate	—	(129,617)
Gain on additional interest in an associate	—	(25,909)
Net (gain)/loss on deemed disposal of partial interest in an associate	(64,063)	176,471
Government grants	(19,607)	—
One-off professional fees	—	1,640
	<hr/>	<hr/>
Adjusted EBITDA — Non-HKFRS measure	128,084	110,629
	<hr/> <hr/>	<hr/> <hr/>

Core Business Review

The market and talent environment remained volatile in 2022, but the Group demonstrated resilience in its overall business capabilities while capturing business opportunities brought by the COVID-19 pandemic (the “Pandemic”) with a strong performance in its core business, best in a decade. Adjusted EBITDA increased approximately 15.8% compared to last year. The increase was mainly due to the year-on-year growth in the orders newly secured in Hong Kong, Macau and other Asia Pacific regions.

The Group recorded orders newly secured, revenue, adjusted EBITDA, and adjusted net profit of HK\$2,422.7 million, HK\$2,215.5 million, HK\$128.1 million, and HK\$83.7 million respectively, representing an increase of 6.9%, 8.1%, 15.8% and 15.0% respectively over last year. The Group’s three businesses, namely DevSecOps, recorded growth in service revenue compared to last year.

Innovative Solutions Business

(Application Development - Enhance customer experience with innovative applications; Dev)

Innovative Solutions Business became the largest business unit in the core service business for the first time, with an increased service orders newly secured as compared to last year, and service revenue reached HK\$460.6 million, representing an increase as compared to last year. The main growth drivers came from orders for professional services and application development, and were attributable to the establishment of a sizeable talent pool at the Group's Offshore Delivery Excellence Center (ODEC) in Mainland China. ODEC had 70% more staff as compared to last year, successfully maintaining a stable delivery capability and expanding human resources continually.

For industry performance, government, healthcare, and financial sectors delivered outstanding results in particular. Regarding to the government sector, the Group has successfully increased its service orders to more than half of the total, proving the Group's ability to improve IT service is aligned with the government's requirements for related services. In the healthcare sector, the Group supported the government's fight against the Pandemic and assisted in improving the quality of healthcare services. In the financial sector, the Group achieved a major breakthrough during the year in assisting an independent statutory body in achieving full digitalization of its license application, which further strengthen Hong Kong's status as an international financial centre.

Intelligent Cybersecurity Services Business

(Cybersecurity - Protect your assets with intelligent security technology; Sec)

In regard of the Intelligent Cybersecurity Services business, the service orders newly secured recorded a double-digit growth compared to last year, with service revenue reaching HK\$168.8 million during the year. The growth momentum was fuelled by the digital transformation of enterprises and strong demand for network security and new managed security services in the wake of the Pandemic.

During the year, the Group made multiple breakthroughs: in terms of technology, it successfully satisfied the market demand for hybrid cloud platforms and new network security solutions; in terms of geography, it continued to provide multinational network security managed services with high technical thresholds; in terms of hardware, it established its third Security Operation Center (SOC) outside Hong Kong and Macau.

For industry performance, the Group has been providing quality networks to clients across various industries, such as a complete network upgrade for over 10 campuses of an international school and the installation of a brand-new hospital network. In addition, the Group provided maintenance and security managed services, including a new managed security service on a hybrid cloud environment for a leading financial technology company.

Integrated Managed Services Business

(Omni-channel Managed Services - Simplify your IT operations to increase efficiency; Ops)

The service orders newly secured in the Integrated Managed Services Business presented growth compared to last year. The service revenue recorded HK\$457.5 million. The key growth engine was driven by Information Technology Service Management (ITSM) and orders benefiting from government policies.

For industry performance, orders from the government, financial and aviation sectors have accounted for more than half of the overall service orders. The Group continued to support the government's fight against the Pandemic with information technology services, provided ITSM services for the first time in a cloud-based environment management system for a client in the aviation industry, and received its first order for application managed services from a major financial institution. The Group has also launched automation services to complete its service desk services for uninterrupted business operation, so as to optimize the customer experience.

Platform-Driven DevSecOps Services, Deep Penetration of Focused Industries, Enhancement of “as-a-Service”

The Group's combines its holistic service delivery with Unified Operation Center (UOC) and Security Operation Center *Plus* (SOC+). Both platforms are service-oriented, the Group's self-branded, automated and hybrid cloud platforms. During the year, the Group continued to enhance the two platforms and promote platform-driven services to meet our clients' need for cloud-native and microservices, increase delivery speed, and accelerate digital transformation with innovative technologies and compliance approaches for clients.

The Group's service competencies are reflected in its ability to provide DevSecOps services throughout the customer's IT lifecycle. UOC, as the Group's integrated operational service delivery platform, not only received orders from existing and new customers, but also continued to provide application maintenance services which are in higher value for a government authority and financial institution, closely following customers' needs and reinforcing customer loyalty in the long run, which will be beneficial to the Group's further development in these industries.

Moving forward to the provision of industry-specific solutions, the Group partnered with Finastra, a leading global financial technology provider, to deploy Finastra's treasury and capital markets solution in Hong Kong and Macau. The partnership will combine ASL's professional experiences in DevSecOps services and Finastra's proven industry-leading trading system to optimize and promote open banking in helping banks drive digital transformation.

The Group launched “ASL Marketplace”, an integrated cloud-native online platform for a year. During the year, we have continued to expand and have launched two new products, LearnIoT.aaS (IoT Learning as-a-Service) and VEvent.aaS (Virtual Event Management as-a-Service).

Business of Associates

Grid Dynamics Holdings, Inc. (“GDH”, NASDAQ ticker symbol: GDYN), an associate with business in Europe and the U.S., has successfully withstood the impact of the Russia-Ukraine war by terminating its offshore delivery operations in Russia and relocating most of its Ukrainian delivery resources to neighbouring countries and South America. In addition, GDH established its first engineering centre during the year in Hyderabad, India’s premier innovation hub, which is home to top-notch engineering talent, leading technology providers, and financial services companies, further reinforcing our confidence in our customers’ commitment to accelerate global growth and development.

According to Form 10-K for the year ended 31st December 2022 of GDH published on the U.S. Securities and Exchange Commission website, the annual total revenue of GDH reached US\$310.5 million (equivalent to approximately HK\$2,431.8 million) and non-GAAP EBITDA was US\$58.2 million (equivalent to approximately HK\$456.9 million). With approximately 3,800 employees, GDH’s revenue share in the technology, media and telecommunications sector in 2022 was close to one-third of overall revenue.

The business of i-Sprint Holdings Limited and its subsidiaries (“i-Sprint”), one of the major associates in Asia Pacific, recorded its revenue and EBITDA reaching HK\$115.4 million and HK\$24.6 million respectively. i-Sprint’s new customers in the second half of the year were up approximately 30% compared to that in the first half of the year, and returning customers approximately doubled compared to last year’s total. During the year, i-Sprint’s products continued to receive industry and market recognitions, and won numerous industry awards. As for the AccessReal product identification solution, i-Sprint released AR code, an anti-counterfeiting and copy-preventing QR code, which has been patented in several countries. In the fourth quarter of 2022, i-Sprint was actively involved in marketing campaign to strengthen its market position as a leading international provider of management, unified authentication and access control solutions.

Outlook and Prospects

With the relaxation of customs clearance and the Pandemic precautionary measures between Mainland China and Hong Kong, Hong Kong started with a series of positive economic news in 2023. However, under the multiple impacts of inflationary pressures, geopolitical tensions, supply chain challenges, migration waves, and technical talent poaching waves leading to further cost increases, thereby also posing challenges to the Group’s business. Nevertheless, we will fill the talent gap and closely monitor the business opportunities brought about by the gradual return to normalcy in Hong Kong, Mainland China, and the rest of the world.

In face of the uncertainties presented by the pandemic and intensifying outflow of technical talent in Hong Kong, many companies are compelled to accelerate digital transformation, thus driving an increased demand for one-stop managed services. The Group, as one of the few one-stop managed service providers, are well positioned to meet the anticipated surge in demand. In the future, the Group will make greater efforts to adjust its human resources strategy and resources and leverage international-level services and innovative technologies to act as a bridge for customers in building the application, thereby further strengthening its market position as a Unified Technology Services Provider, with Development, Cybersecurity and Omni-channel Managed Services (collectively referred to as, “DevSecOps”) as its specific business models.

We will focus on industries in which the Group has particular competitive edge, deeply cultivating in these industries to provide innovative solutions to meet different customers’ needs, enabling them to improve their products and services value. In terms of partnership, we will continue to optimize the partner ecosystem. For technology, we will use cloud-native technology as the underlying technical foundation and application scenarios for innovative technology and, to support the dual-line development of our suppliers from Mainland China and the rest of the world so as to address geopolitical risks.

In addition, the Group will leverage various delivery centers and service centers, such as the Security Operation Center *Plus* (SOC+) and the Group’s unique Unified Operation Center (UOC), as platforms, complemented by multi-channel and multi-national human resources, to form a professional technology service capability based on industries where we have an advantage and provide automated, platform-driven and industry-specific centralized IT managed services. Meanwhile, we will drive growth by enhancing our technology and lifting automation goals, capture new potential project-based business, and continue to focus on specific areas of IT professional services and expand our market coverage.

Furthermore, the Group will continue to enrich the self-branded ASL Marketplace’s as-a-Service, actively invest in the launch of hybrid cloud services, and optimize its platforms to accelerate customers’ access to data and data-driven decision-making, thus enhancing customer experience and customer loyalty.

As the Group celebrates its 50th anniversary in 2023, we will continue to pivot towards a customer-centric and “Industry-Specific + Integration + Platform-Driven + Regional Expansion” strategy, as well as to adhere to the direction of continuous transformation. The Group will also closely monitor the opportunities brought by the HKSAR Government’s initiatives in the “Hong Kong Innovation and Technology Development Blueprint”, such as expanding the innovation and technology talent pool, promoting the development of digital economy and building a smart Hong Kong. At the same time, keeping pace with its customers in the development of the Greater Bay Area, we will serve as a bridge between Mainland China and the world with our technology. We believe these measures will enhance the sustainability of the business. Finally, we will continue to pursue opportunities for inorganic growth in the Greater Bay Area in order to become a leading unified technology services provider in the region.

Financial Resources and Liquidity

As at 31st December 2022, the Group's total assets of HK\$3,032.3 million were financed by current liabilities of HK\$800.9 million, non-current liabilities of HK\$171.6 million and equity attributable to equity holders of the Company of HK\$2,059.8 million. The Group had a working capital ratio of approximately 1.8:1.

As at 31st December 2022, the Group had an aggregate composite banking facility from banks of approximately HK\$301.5 million (2021: HK\$346.6 million). The Group had pledged land and buildings in an aggregate amount of HK\$159.6 million (2021: HK\$166.7 million) and investment properties with a carrying amount of HK\$52 million (2021: HK\$54.3 million) to secure the Group's bank borrowings. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$112.2 million (2021: HK\$102.5 million) as at 31st December 2022. The Group's gearing ratio (bank borrowings over equity attributable to equity holders of the Company) was 2.7% as at 31st December 2022 (2021: 5.1%).

Material Acquisition and Disposal

References are made to the announcements of the Company dated 28th February 2022, 3rd March 2022 and 30th November 2022 in relation to, among other matters, discloseable transaction in relation to the acquisition of a property in Guangzhou by Guangzhou Automated Systems Limited (an indirect wholly-owned subsidiary of the Company).

Save as disclosed above, during the year ended 31st December 2022, neither the Company nor any of its subsidiaries had other material acquisition or disposal.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities provided by banks. Bank facilities available for the Group include trust receipt loans, clean import loans, overdrafts and term loans. The interest rates of most of them are fixed by reference to the respective countries' Interbank Offer Rate. The bank deposits are mainly denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The bank borrowings are denominated in HKD.

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in HKD and USD. Foreign exchange exposure to USD of the Group will continue to be minimal as long as the policy of The Government of the Hong Kong Special Administrative Region to link HKD to USD remains in effect. There was no material exposure to fluctuations in exchange rates and therefore no related hedging financial instrument was applied during the year ended 31st December 2022 (2021: same).

Contingent Liabilities

As at 31st December 2022, performance bonds of approximately HK\$112.2 million (2021: HK\$102.5 million) had been issued by the bank on behalf of the Group to customers as security of contracts.

Capital Commitments

As at 31st December 2022, the Group had contracted capital commitment in respect of property, plant and equipment of approximately HK\$1.4 million (2021: HK\$0.4 million).

Major Customers and Suppliers

During the year ended 31st December 2022, the five largest customers and single largest customer of the Group accounted for approximately 32.4% and 17%, respectively, of the Group's total revenue. The five largest suppliers and single largest supplier of the Group accounted for approximately 40.2% and 13.6%, respectively, of the Group's purchases.

At no time during the year ended 31st December 2022 did a Director, their close associate or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of the Company's issued shares) has an interest in any of the Group's five largest customers or suppliers.

Employee and Remuneration Policies

As at 31st December 2022, the Group, excluding its associates, employed 1,474 permanent and contract staff (2021: 1,294) in Hong Kong, Mainland China, Taiwan, Macau and Thailand. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share option scheme.

CLOSURE OF REGISTER OF MEMBERS FOR 2023 ANNUAL GENERAL MEETING

The Company will convene the forthcoming annual general meeting on Wednesday, 24th May 2023. For determining the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 19th May 2023 to Wednesday, 24th May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to determine the entitlement to attend and vote at the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 18th May 2023.

CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND

The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting. The record date for entitlement to the proposed final dividend is Wednesday, 7th June 2023. For determining the entitlement of the final dividend, the register of members of the Company will be closed from Friday, 2nd June 2023 to Wednesday, 7th June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1st June 2023. The final dividend warrants are expected to be despatched to the qualifying shareholders of the Company on Wednesday, 21st June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING DATE

As at the date of this announcement, the Directors are not aware of any significant events related to the business or financial performance of the Group after reporting period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters including the review of the audited annual results.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED (“GRANT THORNTON HONG KONG”)

The figures in respect of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the related notes thereto of the Group for the year ended 31st December 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor, Grant Thornton Hong Kong, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31st December 2022, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules throughout the year ended 31st December 2022, except as noted below:

With respect to CG Code provision C.1.6, a Non-Executive Director was unable to attend the annual general meeting of the Company held on 30th May 2022 due to other commitments.

By Order of the Board
Automated Systems Holdings Limited
Wang Yueou
Executive Director and Chief Executive Officer

Hong Kong, 29th March 2023

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.