



A Member of the Teamsun Group



Automated Systems Holdings Limited

自動系統集團有限公司*

(Incorporated in Bermuda with Limited Liability)

Stock Code : 771



*For identification purpose only



2023 INTERIM RESULTS OVERVIEW

01 Group Performance Overview

Summary

- 1** Revenue of the Group's core businesses (namely in Hong Kong and other Asia Pacific regions) was **HK\$1,242.4 million**, representing an **increase of 13.6%** from the corresponding period last year
- 2** Gross profit was **HK\$124.5 million** during the period
- 3** Adjusted EBITDA was **HK\$65.2 million**
- 4** The Group recorded a profit for the period of **HK\$91.1 million**, an **increase of 7.1 times** compared to **HK\$11.3 million** in the corresponding period last year. The increase was mainly attributable to a net gain on deemed disposal of partial interest in an associate recorded in this period

Group Performance Highlights

Core Business Performance

(HK\$ million)

Order
System Integration &
Other Businesses

↑ 2.7% \$667.1

(CY22 1H : \$649.5)

Order
Unified Technology Services

↑ 0.1% \$646.8

(CY22 1H : \$645.9)

Revenue

↑ 13.6% \$1,242.4

(CY22 1H : \$1,093.8)

Adjusted EBITDA*

↓ 2.1% \$65.2

(CY22 1H : \$66.7)

Adjusted Net Profit*

↓ 2.0% \$43.5

(CY22 1H : \$44.4)

Adjusted Operating
Cash Flow*

↑ 43.5% \$174.9

(CY22 1H : \$121.9)

Interest in Associates & Non-Operating Items

(HK\$ million)

Non-Operating Items

Adjusted Incomes Related to
Corporate & Others*

\$0.2

(CY22 1H : \$4.9)

Interest in Associates

Share of
Results of Associates

\$(13.2)

(CY22 1H : \$(33.9))

Net Gain/(Loss) on Deemed
Disposal of Partial
Interest in an Associate

\$60.6

(CY22 1H : \$(4.1))

Group's Major Financial Indicators

(HK\$ million)

Orders Newly Secured

↑ 1.4% \$1,313.9

(CY22 1H : \$1,295.4)

Revenue

↑ 13.6% \$1,242.4

(CY22 1H : \$1,093.8)

Profit for the Period

↑ 705.4% \$91.1

(CY22 1H : \$11.3)

Basic Earnings Per Share
(HK cents)

10.93

(CY22 1H : 1.36)

02 DevSecOps Core Business Highlights

Innovative Solutions Business

Application Development

Enhance Customer Experience with Innovative Applications (Dev)



Win Cases

- Continued to assist the government in **promoting the construction of Smart City**
- **Healthcare** and **other industries** also continued to **receive numerous orders**

Key Developments

- Further invested in human resources, especially in areas such as **artificial intelligence (AI)** and **robotic process automation (RPA)**
- Demonstrated outstanding performance in implementing **cloud computing open source coding projects**, which earned commendation and affirmation from partners

Intelligent Cybersecurity Services Business

Cybersecurity

Protect Your Assets with Intelligent Security Technology (Sec)



Win Cases

- **Received orders** in various industries such as **financial, government, healthcare** and **retail**
- Provides **DevSec services** for agile development

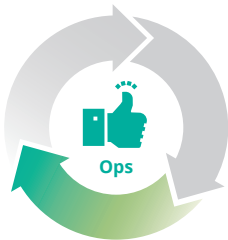
Key Developments

- **Strengthen the integration of service platform**, so as to provide unified technology services which the Group has competitive edge

Integrated Managed Services Business

Omni-channel Managed Services

Simplify Your IT Operations to Increase Efficiency (Ops)



Win Cases

- Obtained **renewal orders** from two financial institutions and an aviation company
- Received a **data migration service order** from a large entertainment company

Key Developments

- Taken steadfast actions to promote the **multi-channel services**
- Adhere to the philosophy of people-centric and service-oriented, as well as hosted a series of **team-building activities** to strengthen teamwork among members

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

Develop hybrid cloud services, improve the capabilities of one-stop managed services platform



Enable customers to access and analyze data more efficiently

Enhance customer experience

Foster customer loyalty to our brand

Continuous Enhancement of Cloud-based as-a-Service



MARKETPLACE
Powered by SOLUTION CENTER



Expect to launch a new
as-a-Service product in the second half of the year



For more details, please visit

<https://marketplace.asl.com.hk/>

Industry Specific Expansion into High-value Financial IT Service Market

FINASTRA

Partnered with leading global financial technology provider

Marketing Promotion



Talent Training and Kick Off Business Meeting

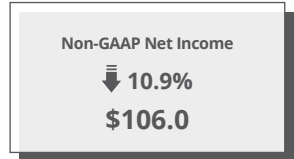


Promoted ASL's
DevSecOps service
capability and
professional knowledge
in the financial sector

04 Business Performance of Associates

An Associate with business in Europe and the U.S. Grid Dynamics Holdings, Inc. ("GDH")

(HK\$ million, USD/HKD exchange rate of 7.84 is used for conversion)

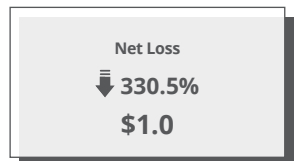
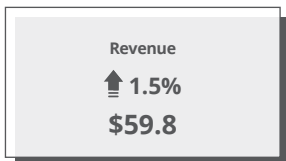


Business Developments

- Establishment of a **new European hub in Switzerland**, while **expanding human resources in India**
- Leading AI technology has simultaneously **gained recognition from Google Cloud and its clients**, leading to the establishment of global partnerships and successful completion of several AI projects
- Received orders from a number of large-scale corporate clients, including a **global consumer healthcare company**, a leading **digital payment services company**, and a **global hotel and hospitality chain**

One of the Major Associates in Asia Pacific i-Sprint Holdings Limited ("i-Sprint")

(HK\$ million, SGD/HKD exchange rate of 5.78 is used for conversion)



Business Developments

- Received a number of orders from major customers
- Received the **19th Annual 2023 Globe Awards for Cybersecurity** organized by Globe Awards and the **Cyber Security Global Excellence Award of 2023**

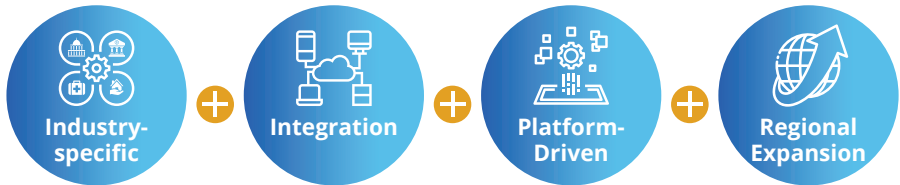
05 Outlooks

- Prioritize on developing in industry where we have a competitive advantage, and deeply explore the business needs of customers, taking their considerations such as technology adoption trend and service needs into account
- Strategically partnered with Finastra, a leading global financial technology provider, and has become the **sole authorized service provider** for providing Finastra's Kondor treasury solutions in the form of managed services model in Hong Kong and Macau, to bolster its industry-specific DevSecOps business and strengthen its fintech trajectory
- Adopts cloud-native technology as its foundation and explores the application of innovative technologies, thereby increasing its investment to **strengthen multi-cloud and hybrid cloud services**
- Committed to the **dual-line development of our suppliers from Mainland China and the rest of the world** and continuously optimize our partner ecosystem
- The **inauguration of the Group's Guangdong-Hong Kong-Macau Greater Bay Area headquarters** marked a new chapter of its development in the Greater Bay Area
- Collaboration with the **Hong Kong Institution of Engineers**, to **nurture next generation IT talents**
- Actively pursue opportunities in the Greater Bay Area and **look beyond the Greater Bay Area for development projects**

05 Outlooks (Cont'd)

Strive to be a Professional and Trustworthy Unified Technology Services Partner

To integrate various technologies and products using our rich industry domain knowledge and provide it in platform-driven basis so as to fit customer application scenarios; to use regional layout for market expansion adhering to the footsteps of customer's business growth



Adjusted EBITDA: Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortisation (Adjusted EBITDA) is calculated based on profit for the period excluding interest income and expenses, tax, depreciation and amortisation, equity-settled share-based payments expense, government grants, share of results of associates and net gain/(loss) on deemed disposal of partial interest in an associate.

Adjusted Net Profit: Adjusted Net Profit is calculated based on Adjusted EBITDA adding back depreciation and amortisation and income tax expense (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 including prepayments in relation to property, plant and equipment and excluding government grants.

Adjusted Incomes Related to Corporate and Others: Mainly represent the equity-settled share-based payments expense, government grants, finance costs and income.

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.

CY22 1H: Representing the first six months of calendar year 2022.

*: 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.

CONTENTS

| | |
|----|--|
| 2 | Corporate Information |
| 3 | Independent Review Report |
| 4 | Condensed Consolidated Statement of Profit or Loss |
| 5 | Condensed Consolidated Statement of Comprehensive Income |
| 6 | Condensed Consolidated Statement of Financial Position |
| 8 | Condensed Consolidated Statement of Changes in Equity |
| 10 | Condensed Consolidated Statement of Cash Flows |
| 11 | Notes to the Interim Financial Information |
| 28 | Management Discussion and Analysis |
| 34 | Additional Information |

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

WANG Weihang (*Chairman*)
WANG Yueou (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTOR

CUI Yong (*resigned on 24th May 2023*)
ZHANG Bingxia (*appointed on 24th May 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

PAN Xinrong
DENG Jianxin
OR Siu Ching, Rerina

AUDIT COMMITTEE

DENG Jianxin (*Chairman*)
PAN Xinrong
OR Siu Ching, Rerina

REMUNERATION COMMITTEE

PAN Xinrong (*Chairman*)
DENG Jianxin
OR Siu Ching, Rerina

NOMINATION COMMITTEE

WANG Weihang (*Chairman*)
PAN Xinrong
DENG Jianxin

MANAGEMENT COMMITTEE

WANG Yueou (*Chairman*)
WANG Weihang
CUI Yong (*resigned on 24th May 2023*)
ZHANG Bingxia (*appointed on 24th May 2023*)

INVESTMENT COMMITTEE

WANG Weihang (*Chairman*)
WANG Yueou
PAN Xinrong
DENG Jianxin

JOINT COMPANY SECRETARIES

NGAN Wai Hing
LAU Nga Ting

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

SOLICITORS

Jones Day
Woo Kwan Lee & Lo

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM 10, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 771

REGISTERED OFFICE

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM 10, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, Topsail Plaza,
11 On Sum Street,
Shatin, New Territories,
Hong Kong

WEBSITE

<http://www.asl.com.hk>

INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF
AUTOMATED SYSTEMS HOLDINGS LIMITED**
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 27, which comprises the condensed consolidated statement of financial position of Automated Systems Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as of 30th June 2023 and the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

23rd August 2023

Lau Kwong Kei

Practising Certificate No.: P07578

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2023

| | Notes | Unaudited Six months ended 30th June | |
|--|-------|--|------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 |
| Revenue | 6 | 1,242,379 | 1,093,824 |
| Cost of goods sold | | (583,290) | (467,641) |
| Cost of services rendered | | (534,589) | (497,253) |
| Other income | 7 | 5,038 | 1,924 |
| Other gain/(loss), net | 8 | 59,491 | (5,735) |
| Selling expenses | | (43,573) | (38,480) |
| Administrative expenses | | (30,152) | (29,950) |
| Finance income | 9 | 136 | 91 |
| Finance costs | | (1,477) | (1,550) |
| Share of results of associates | | (13,161) | (33,897) |
| Profit before income tax | 10 | 100,802 | 21,333 |
| Income tax expense | 11 | (9,711) | (10,023) |
| Profit for the period attributable to equity holders of the Company | | 91,091 | 11,310 |
| | | HK cents | HK cents |
| Earnings per share attributable to equity holders of the Company: | 13 | | |
| - Basic | | 10.93 | 1.36 |
| - Diluted | | 10.93 | 1.35 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2023

| | Unaudited Six months ended 30th June | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Profit for the period | 91,091 | 11,310 |
| Other comprehensive income/(loss): <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on translation of overseas operations | 4,484 | 4,379 |
| Share of other comprehensive income/(loss) of associates | 3,994 | (2,272) |
| Total comprehensive income for the period attributable to equity holders of the Company | 99,569 | 13,417 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2023

| | Notes | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|---|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 14 | 326,910 | 339,757 |
| Investment properties | 15 | 52,000 | 52,000 |
| Intangible assets | | - | - |
| Interests in associates | 16 | 1,250,389 | 1,192,897 |
| Prepayments | 18 | 3,134 | - |
| Financial asset at fair value through other comprehensive income ("FVOCI") | | 3,919 | 3,899 |
| Finance lease receivables | | 2,805 | 2,362 |
| Deferred income tax assets | | 1,468 | 1,213 |
| | | 1,640,625 | 1,592,128 |
| Current assets | | | |
| Inventories | | 308,820 | 286,532 |
| Trade receivables | 17 | 150,274 | 192,079 |
| Finance lease receivables | | 2,466 | 2,656 |
| Other receivables, deposits and prepayments | 18 | 41,749 | 28,713 |
| Contract assets | | 259,466 | 368,298 |
| Tax recoverable | | 9,647 | 14,242 |
| Time deposits | | 6,403 | - |
| Bank balances and cash | | 664,228 | 547,635 |
| | | 1,443,053 | 1,440,155 |
| Total assets | | 3,083,678 | 3,032,283 |
| Equity | | | |
| Share capital | 22 | 83,370 | 83,370 |
| Share premium | | 403,164 | 403,164 |
| Reserves | | 1,647,854 | 1,573,285 |
| Equity attributable to equity holders of the Company | | 2,134,388 | 2,059,819 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June 2023

| | Notes | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|-------|--|--|
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 170,787 | 169,423 |
| Lease liabilities | | 1,167 | 2,166 |
| | | 171,954 | 171,589 |
| Current liabilities | | | |
| Trade payables | 19 | 245,323 | 313,598 |
| Other payables and accruals | 20 | 133,697 | 169,077 |
| Receipts in advance | | 346,973 | 246,561 |
| Current income tax liabilities | | 12,756 | 7,724 |
| Bank borrowings | 21 | 33,805 | 56,347 |
| Lease liabilities | | 4,782 | 7,568 |
| | | 777,336 | 800,875 |
| Total liabilities | | 949,290 | 972,464 |
| Total equity and liabilities | | 3,083,678 | 3,032,283 |
| Net current assets | | 665,717 | 639,280 |
| Total assets less current liabilities | | 2,306,342 | 2,231,408 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2023

| | Unaudited | | | | | | | |
|--|---|---------------------------|-----------------------------|--|---------------------------------|---|-------------------------------|--------------------------|
| | Attributable to equity holders of the Company | | | | | | | |
| | Share Capital HK\$'000 | Share premium HK\$'000 | Special reserve HK\$'000 | Property revaluation reserve HK\$'000 | Translation reserve HK\$'000 | Share-based payment reserve HK\$'000 | Retained earnings HK\$'000 | Total equity HK\$'000 |
| At 1st January 2022 | 83,358 | 403,043 | 34,350 | 262,404 | 265 | 7,862 | 1,199,043 | 1,990,325 |
| Comprehensive income: | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 11,310 | 11,310 |
| Other comprehensive income/(loss): | | | | | | | | |
| Exchange differences on translation of overseas operations | - | - | - | - | 4,379 | - | - | 4,379 |
| Share of other comprehensive loss of associates | - | - | - | - | (2,272) | - | - | (2,272) |
| Total comprehensive income for the period | - | - | - | - | 2,107 | - | 11,310 | 13,417 |
| Transaction with owners: | | | | | | | | |
| Final dividend for the year ended 31st December 2021 (Note 12) | - | - | - | - | - | - | (25,011) | (25,011) |
| Issue of ordinary shares upon exercise of share options | 11 | 122 | - | - | - | (32) | - | 101 |
| Recognition of equity-settled share-based payments | - | - | - | - | - | 61 | - | 61 |
| Lapse of share options transferred to retained earnings | - | - | - | - | - | (89) | 89 | - |
| Total transaction with owners | 11 | 122 | - | - | - | (60) | (24,922) | (24,849) |
| At 30th June 2022 | 83,369 | 403,165 | 34,350 | 262,404 | 2,372 | 7,802 | 1,185,431 | 1,978,893 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June 2023

| | Unaudited | | | | | | | |
|--|---|---------------------------|-----------------------------|--|---------------------------------|---|-------------------------------|--------------------------|
| | Attributable to equity holders of the Company | | | | | | | |
| | Share Capital HK\$'000 | Share premium HK\$'000 | Special reserve HK\$'000 | Property revaluation reserve HK\$'000 | Translation reserve HK\$'000 | Share-based payment reserve HK\$'000 | Retained earnings HK\$'000 | Total equity HK\$'000 |
| At 1st January 2023 | 83,370 | 403,164 | 34,350 | 261,775 | (6,341) | 7,704 | 1,275,797 | 2,059,819 |
| Comprehensive income: | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 91,091 | 91,091 |
| Other comprehensive income: | | | | | | | | |
| Exchange differences on translation of overseas operations | - | - | - | - | 4,484 | - | - | 4,484 |
| Share of other comprehensive income of associates | - | - | - | - | 3,994 | - | - | 3,994 |
| Total comprehensive income for the period | - | - | - | - | 8,478 | - | 91,091 | 99,569 |
| Transaction with owners: | | | | | | | | |
| Final dividend for the year ended 31st December 2022 (Note 12) | - | - | - | - | - | - | (25,011) | (25,011) |
| Recognition of equity-settled share-based payments | - | - | - | - | - | 11 | - | 11 |
| Total transaction with owners | - | - | - | - | - | 11 | (25,011) | (25,000) |
| At 30th June 2023 | 83,370 | 403,164 | 34,350 | 261,775 | 2,137 | 7,715 | 1,341,877 | 2,134,388 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2023

| | Unaudited Six months ended 30th June | |
|---|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Operating activities | | |
| Cash generated from operations | 176,320 | 130,685 |
| Hong Kong profits tax paid | (3,455) | (2,220) |
| Overseas tax paid | (681) | (1) |
| Net cash from operating activities | 172,184 | 128,464 |
| Investing activities | | |
| Transaction costs in relation to disposal of subsidiaries | - | (1,521) |
| Purchase of property, plant and equipment | (1,292) | (2,173) |
| Deposit paid for acquisition of property, plant and equipment | - | (49,511) |
| Placement of time deposits | (6,403) | - |
| Interest received | 1,976 | 113 |
| Net cash used in investing activities | (5,719) | (53,092) |
| Financing activities | | |
| Repayment of bank borrowings | (22,500) | (22,500) |
| Principal portion of lease payments | (3,744) | (3,510) |
| Net proceeds from issuance of ordinary shares | - | 101 |
| Interests paid | (1,536) | (1,461) |
| Dividends paid | (25,002) | (24,375) |
| Net cash used in financing activities | (52,782) | (51,745) |
| Net increase in cash and cash equivalents | 113,683 | 23,627 |
| Cash and cash equivalents at the beginning of the period | 547,635 | 603,947 |
| Effect of foreign exchange rate changes | 2,910 | 903 |
| Cash and cash equivalents at the end of the period | 664,228 | 628,477 |

The notes on pages 11 to 27 form an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30th June 2023

1 General Information

Automated Systems Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). At 30th June 2023, its immediate holding company is Teamsun Technology (HK) Limited ("Hong Kong Teamsun"), a company incorporated in Hong Kong. Its ultimate holding company is Beijing Teamsun Technology Co., Ltd. ("Teamsun"), a company incorporated in the People's Republic of China (the "PRC") and its shares are listed on the Shanghai Stock Exchange of the PRC. The addresses of its registered office and principal place of business are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and 15th Floor, Topsail Plaza, 11 On Sum Street, Shatin, New Territories, Hong Kong, respectively.

This interim financial information is presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated. This interim financial information has been approved for issue by the board of directors of the Company on 23rd August 2023.

This interim financial information has not been audited, but has been reviewed by the Company's auditor.

2 Basis of Preparation

The interim financial information for the six months ended 30th June 2023 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31st December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Significant Accounting Policies

New or Amended HKFRSs that are effective for annual periods beginning from 1st January 2023

The interim financial information for the six months ended 30th June 2023 have been prepared in accordance with the accounting policies adopted in the consolidated financial statements for the year ended 31st December 2022, except for the adoption of the following new or amended HKFRSs which are effective as of 1st January 2023.

| | |
|---|---|
| HKFRS 17 | <i>Insurance Contracts and other amendments</i> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | <i>Disclosure of Accounting Policies</i> |
| Amendments to HKAS 8 | <i>Definition of Accounting Estimates</i> |
| Amendments to HKAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |
| Amendments to HKAS 12 | <i>International Tax Reform – Pillar Two Model Rules</i> |

The adoption of these new or amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented. The Group has not early adopted any other standards, interpretation or amendment that has been issued but are not yet effective.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

4 Critical Accounting Estimates and Judgements

When preparing the interim financial information, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31st December 2022.

5 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

There have been no changes in the risk management function or risk management policies since the year ended 31st December 2022.

(i) Fair value measurement

The following table presents the Group's financial instruments measured at fair value on a recurring basis categorised into the three level fair value hierarchies as defined in HKFRS 13, "Fair Value Measurement":

- Level 1: Fair value measured only using level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement dates.
- Level 2: Fair value measured using level 2 inputs, i.e. observable inputs which fail to meet with Level 1, and not using unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3: Fair value measured using significant unobservable inputs for the asset or liability.

| | Unaudited At 30th June 2023 | | | |
|---|----------------------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
| Recurring fair value measurement | | | | |
| Financial asset at FVOCI | | | | |
| Unlisted preferred stock | - | - | 3,919 | 3,919 |
| | | | | |
| | Audited At 31st December 2022 | | | |
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
| Recurring fair value measurement | | | | |
| Financial asset at FVOCI | | | | |
| Unlisted preferred stock | - | - | 3,899 | 3,899 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

5 Financial Risk Management (Cont'd)

(i) Fair value measurement (Cont'd)

The following table gives information about the fair value determination of the financial asset at FVOCI as at 30th June 2023 and 31st December 2022:

| | Valuation techniques | Unobservable input | Range |
|--|--|--|---|
| Investment in unlisted preferred stock measured at FVOCI | Equity value based on backsolve method with reference to recent market transaction price allocated to series A preferred stock | Weighted probability rate under qualified IPO scenario and liquidation scenario* | Weighted probability rate of 20% and 80%, respectively under qualified IPO scenario and liquidation scenario* |
| | | Volatility | 32.91% |
| | | Risk-free rate | 4.15% |

* Qualified IPO scenario represents the circumstances in which the preferred stock converted to common shares and are available to sell to the public

The reconciliation of the carrying amount of the Group's financial assets classified within level 3 of the fair value hierarchy are as follows:

| | Financial asset at FVOCI HK\$'000 |
|--------------------------|---|
| At 1st January 2023 | 3,899 |
| Exchange realignment | 20 |
| At 30th June 2023 | 3,919 |

During the six months ended 30th June 2023, there were no transfers between Levels 1, 2 and 3. The directors consider that the carrying amounts of other financial assets and financial liabilities in the interim financial information approximate their fair values.

6 Revenue and Segment Information

The Group's revenue is analysed as follows:

| | Unaudited Six months ended 30th June | |
|--------------------------------|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Sales of goods | 664,085 | 539,980 |
| Revenue from service contracts | 578,294 | 553,844 |
| | 1,242,379 | 1,093,824 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

6 Revenue and Segment Information (Cont'd)

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 organised into two (six months ended 30th June 2022: 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.

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.

Segment information about these businesses is presented below:

| Unaudited Six months ended 30th June 2023 | IT Products HK\$'000 | IT Services HK\$'000 | Total HK\$'000 |
|--|---------------------------------|---------------------------------|---------------------------|
| Revenue from external customers | 664,085 | 578,294 | 1,242,379 |
| Intersegment revenue | 1,238 | 10,814 | 12,052 |
| Segment revenue | 665,323 | 589,108 | 1,254,431 |
| Reportable segment profit | 59,746 | 20,417 | 80,163 |
| Segment depreciation | 1,726 | 6,909 | 8,635 |
| Additions to property, plant and equipment * | 26 | 670 | 696 |

* Additions to property, plant and equipment of HK\$663,000 were related to unallocated assets.

| Unaudited Six months ended 30th June 2022 | IT Products HK\$'000 | IT Services HK\$'000 | Total HK\$'000 |
|--|---------------------------------|---------------------------------|---------------------------|
| Revenue from external customers | 539,980 | 553,844 | 1,093,824 |
| Intersegment revenue | 705 | 10,361 | 11,066 |
| Segment revenue | 540,685 | 564,205 | 1,104,890 |
| Reportable segment profit | 53,472 | 35,551 | 89,023 |
| Segment depreciation | 1,649 | 6,839 | 8,488 |
| Additions to property, plant and equipment * | 18 | 1,799 | 1,817 |

* Additions to property, plant and equipment of HK\$5,291,000 were related to unallocated assets.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

6 Revenue and Segment Information (Cont'd)

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

| Unaudited As at 30th June 2023 | IT Products | IT Services | Total |
|-------------------------------------|-------------|-------------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Reportable segment assets | 401,884 | 343,282 | 745,166 |
| Reportable segment liabilities | 399,523 | 228,022 | 627,545 |
| <hr/> | | | |
| Audited As at 31st December 2022 | IT Products | IT Services | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Reportable segment assets | 467,958 | 398,915 | 866,873 |
| Reportable segment liabilities | 378,680 | 226,424 | 605,104 |

(a) Segment accounting policies

Except for the inclusion of time deposits to the unallocated segment assets, the accounting policies of the reportable segments are the same as the Group's accounting policies disclosed in the annual consolidated financial statements of the Group for the year ended 31st December 2022.

(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:

| Revenue | Unaudited Six months ended 30th June | |
|---|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Reportable segment revenue | 1,254,431 | 1,104,890 |
| Elimination of intersegment revenue | (12,052) | (11,066) |
| Revenue per condensed consolidated statement of profit or loss | 1,242,379 | 1,093,824 |

Intersegment revenue is charged at cost plus a percentage of profit mark-up.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

6 Revenue and Segment Information (Cont'd)

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

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

| Profit or loss | Unaudited Six months ended 30th June | |
|---|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Reportable segment profit | 80,163 | 89,023 |
| Unallocated amounts: | | |
| Unallocated other income | 4,979 | 1,828 |
| Unallocated other gain/(loss), net | 59,491 | (5,735) |
| Unallocated depreciation | (3,690) | (3,902) |
| Share of results of associates | (13,161) | (33,897) |
| Finance costs | (1,477) | (1,550) |
| Unallocated corporate expenses | (25,503) | (24,434) |
| Profit before income tax per condensed consolidated statement of profit or loss | 100,802 | 21,333 |

| Assets | Unaudited 30th June | | Audited 31st December |
|---|------------------------|------------------|--------------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 | 2022 HK\$'000 |
| Reportable segment assets | 745,166 | | 866,873 |
| Unallocated assets: | | | |
| Interests in associates | 1,250,389 | | 1,192,897 |
| Deferred income tax assets | 1,468 | | 1,213 |
| Tax recoverable | 9,647 | | 14,242 |
| Bank balances and cash | 664,228 | | 547,635 |
| Time deposits | 6,403 | | - |
| Unallocated corporate assets | 406,377 | | 409,423 |
| Total assets per condensed consolidated statement of financial position | 3,083,678 | | 3,032,283 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

6 Revenue and Segment Information (Cont'd)

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

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

| Liabilities | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|--|--|
| Reportable segment liabilities | 627,545 | 605,104 |
| Unallocated liabilities: | | |
| Current income tax liabilities | 12,756 | 7,724 |
| Deferred income tax liabilities | 170,787 | 169,423 |
| Unallocated corporate liabilities | 138,202 | 190,213 |
| Total liabilities per condensed consolidated statement of financial position | 949,290 | 972,464 |

The following table sets out information about the geographical segment location of the Group's revenue from external customers and its non-current assets (other than financial instruments and deferred income tax assets). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. 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 prepayments, and the location of operations in case of interests in associates.

| Place of domicile | Revenue from external customers | | Specific non-current assets | |
|---------------------------------|---|-----------|------------------------------------|--------------------------|
| | Unaudited Six months ended 30th June | | Unaudited | Audited |
| | 2023 | 2022 | 30th June 2023 | 31st December 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Hong Kong | 1,184,572 | 1,041,625 | 329,368 | 335,461 |
| United States of America ("US") | - | - | 1,228,765 | 1,172,146 |
| Singapore | - | - | 20,617 | 19,952 |
| Mainland China | 3,302 | 1,642 | 49,779 | 52,545 |
| Macau | 25,705 | 12,966 | 3,405 | 3,688 |
| Thailand | 22,144 | 29,144 | 211 | 333 |
| Taiwan | 6,656 | 8,447 | 288 | 529 |
| | 1,242,379 | 1,093,824 | 1,632,433 | 1,584,654 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

6 Revenue and Segment Information (Cont'd)

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

Information about major customers

The Group has one customer (six months ended 30th June 2022: one customer) with whom transaction exceeded 10% of the Group's revenue amounted to approximately HK\$178,071,000 during the six months ended 30th June 2023 (six months ended 30th June 2022: HK\$167,373,000). The revenue attributable to IT Products segment and IT Services segment amounted to approximately HK\$89,037,000 (six months ended 30th June 2022: HK\$89,356,000) and HK\$89,034,000 (six months ended 30th June 2022: HK\$78,017,000) respectively during the six months ended 30th June 2023.

(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 in time, details of the Group's timing of revenue recognition were as follows:

| | Unaudited Six months ended 30th June | |
|--------------------------------------|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Timing of revenue recognition | | |
| At a point in time | 745,929 | 617,961 |
| Over time | 496,450 | 475,863 |
| Revenue from external customers | 1,242,379 | 1,093,824 |

Revenue relates to performance obligation that are unsatisfied as at 30th June 2023 amounted to approximately HK\$1,437,493,000 (As at 31st December 2022: HK\$1,395,613,000) are expected to be recognised within one to five years.

7 Other Income

| | Unaudited Six months ended 30th June | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Interest on bank deposits | 1,976 | 113 |
| Rental income from investment properties | 1,403 | 1,360 |
| Others | 1,659 | 451 |
| | 5,038 | 1,924 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

8 Other Gain/(Loss), Net

| | Unaudited Six months ended 30th June | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Net gain/(loss) on deemed disposal of partial interest in an associate | 60,553 | (4,082) |
| Exchange loss, net | (1,034) | (1,653) |
| Others | (28) | - |
| | 59,491 | (5,735) |

9 Finance Income

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

10 Profit Before Income Tax

| | Unaudited Six months ended 30th June | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Profit before income tax is arrived at after charging/(crediting): | | |
| Depreciation: | | |
| Property, plant and equipment – owned assets | 8,725 | 8,897 |
| Property, plant and equipment – right-of-use assets | 3,599 | 3,493 |
| ECL allowance of trade receivables | 490 | 399 |
| Reversal of provision for ECL allowance of trade receivables | (86) | - |
| ECL allowance of contract assets | 1,254 | - |
| Employee benefit expenses (excluding directors' emoluments) | 317,835 | 261,579 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

11 Income Tax Expense

| | Unaudited Six months ended 30th June | |
|----------------------------------|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Current taxation: | | |
| Hong Kong profits tax (Note (i)) | 8,624 | 8,954 |
| Overseas taxation | 566 | 293 |
| Deferred taxation: | 9,190 | 9,247 |
| Current period | 521 | 776 |
| Income tax expense | 9,711 | 10,023 |

Note:

- (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 six months ended 30th June 2023 and 2022, Hong Kong profits tax of a subsidiary of the Company is calculated in accordance with the two-tiered profits tax rates regime.

12 Dividends

| | Unaudited Six months ended 30th June | |
|---|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Dividend approved and paid during the period: | | |
| Final dividend in respect of the year ended 31st December 2022 of 3.0 HK cents per share (six months ended 30th June 2022: in respect of the year ended 31st December 2021 of 3.0 HK cents per share) | 25,011 | 25,011 |

The Board do not recommend the payment of an interim dividend for the six months ended 30th June 2023 (six months ended 30th June 2022: Nil).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

13 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:

| | Unaudited Six months ended 30th June | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Profit attributable to equity holders of the Company | 91,091 | 11,310 |

| | Number of shares | |
|---|---------------------------|---------------------------|
| | 30th June 2023 '000 | 30th June 2022 '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share (Note (a)) | 833,696 | 833,645 |
| Effect of dilutive potential ordinary shares – Share options (Note (b)) | - | 4,031 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 833,696 | 837,676 |

| | Unaudited Six months ended 30th June | |
|--------------------|--|------------------|
| | 2023 HK cents | 2022 HK cents |
| Earnings per share | | |
| – Basic | 10.93 | 1.36 |
| – Diluted | 10.93 | 1.35 |

Notes:

- (a) The 833,696,000 (six months ended 30th June 2022: 833,645,000) ordinary shares are derived from the weighted average number of ordinary shares in issue during the six months ended 30th June 2023.
- (b) The calculation of the diluted earnings per share for the six months ended 30th June 2023 has not taken into account the effect of the share options of the Company granted in 2017 and the dilutive instruments issued by the Group's associates as they are considered as anti-dilutive.

The calculation of the diluted earnings per share for the six months ended 30th June 2022 has taken into account the effect of the share options of the Company granted in 2012 and 2017 but has not taken into account the dilutive instruments issued by the Group's associates as they are considered as anti-dilutive.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

14 Property, Plant and Equipment

During the six months ended 30th June 2023, additions to property, plant and equipment, mainly for computer equipment was approximately HK\$1,292,000 (six months ended 30th June 2022: HK\$2,173,000). During the six months ended 30th June 2023, addition to right-of-use assets – office equipment was approximately HK\$67,000 (six months ended 30th June 2022: Nil) and no reassessment of lease term to right-of-use assets – office premises (six months ended 30th June 2022: HK\$4,935,000).

The Group's land and buildings were stated at valuations made at 31st December 2022 less depreciation. The land and buildings were last revalued by an independent professional valuer at 31st December 2022 on market value basis which was determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2023, the directors of the Company considered that the carrying amount of the Group's land and buildings did not differ significantly from their fair values.

As at 30th June 2023, if the land and buildings had not been revalued, they would have been included in the interim financial information at historical cost, less accumulated depreciation with carrying amount of approximately HK\$77,914,000 (31st December 2022: HK\$78,947,000).

As at 30th June 2023, the Group had pledged land and buildings with carrying amount of approximately HK\$156,343,000 (31st December 2022: HK\$159,600,000) to secure Group's bank borrowings as disclosed in Note 21.

15 Investment Properties

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

As at 30th June 2023, the directors of the Company considered that the carrying amount of the Group's investment properties which are carried at revalued amounts did not differ significantly from their fair values.

As at 30th June 2023, the Group had pledged investment properties with carrying amount of HK\$52,000,000 (31st December 2022: HK\$52,000,000) to secure Group's bank borrowing as disclosed in Note 21.

16 Interests in Associates

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|----------|--|--|
| Listed | 1,228,765 | 1,172,146 |
| Unlisted | 21,624 | 20,751 |
| | 1,250,389 | 1,192,897 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

16 Interests in Associates (Cont'd)

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|--|--|
| At beginning of the period/year | 1,192,897 | 1,191,768 |
| Deemed disposal of partial interest in an associate (Note (i)) | 60,553 | 64,063 |
| Share of results of associates | (13,161) | (62,196) |
| Share of other comprehensive income/(loss) of associates | 3,994 | (589) |
| Exchange realignment | 6,106 | (149) |
| | 1,250,389 | 1,192,897 |

Notes:

- (i) During the six months ended 30th June 2023, certain restricted stock units and performance stock units granted by Grid Dynamics Holdings, Inc. ("GDH") to its employees were vested and certain employees had exercised the vested stock options of GDH. As a result, the Group's interest in GDH was diluted from 19.96% as at 31st December 2022 to 19.65% as at 30th June 2023, and a net gain on deemed disposal of partial interest in an associate of HK\$60,553,000 was recognised (Note 8).

The Group had 19.65% interest in the listed associate, GDH as at 30th June 2023 (31st December 2022: 19.96%) and had significant influence through its representation on the Board of Directors of GDH and participates in all significant financial and operating decision. Therefore, the Group equity accounted for its share of GDH's results.

17 Trade Receivables

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.

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|---------------------------|--|--|
| Trade receivables – gross | 159,793 | 201,194 |
| Less: ECL allowance | (9,519) | (9,115) |
| Trade receivables – net | 150,274 | 192,079 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

17 Trade Receivables (Cont'd)

An ageing analysis of the gross trade receivables as at the reporting date, based on the invoice dates, is as follows:

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--------------|--|--|
| 0-30 days | 85,854 | 128,816 |
| 31-60 days | 25,005 | 26,553 |
| 61-90 days | 12,947 | 15,575 |
| Over 90 days | 35,987 | 30,250 |
| | 159,793 | 201,194 |

18 Other Receivables, Deposits and Prepayments

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|---|--|--|
| Other receivables | 2,504 | 2,082 |
| Deposits | 6,051 | 6,652 |
| Prepayments | 28,531 | 16,258 |
| Amount due from ultimate holding company | 832 | 832 |
| Amounts due from associates | 7,797 | 3,239 |
| Amounts due from fellow subsidiaries | - | 482 |
| Other receivables, deposits and prepayments – gross | 45,715 | 29,545 |
| Less: ECL allowance | (832) | (832) |
| Other receivables, deposits and prepayments – net | 44,883 | 28,713 |
| Representing: | | |
| Non-current assets | 3,134 | - |
| Current assets | 41,749 | 28,713 |
| | 44,883 | 28,713 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

19 Trade Payables

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

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|----------------|--|--|
| Current | 167,577 | 204,746 |
| Within 30 days | 49,627 | 69,145 |
| 31-60 days | 11,609 | 20,663 |
| 61-90 days | 3,325 | 2,059 |
| Over 90 days | 13,185 | 16,985 |
| | 245,323 | 313,598 |

20 Other Payables and Accruals

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|--|--|
| Other payables | 6,675 | 5,026 |
| Accruals | 125,603 | 162,778 |
| Amount due to ultimate holding company | 1,371 | 1,247 |
| Amount due to a fellow subsidiary | 22 | - |
| Amount due to an associate | 26 | 26 |
| | 133,697 | 169,077 |

21 Bank Borrowings

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|--|--|
| Current | | |
| Secured bank borrowings | | |
| - repayable within one year or on demand | 33,805 | 56,347 |

The bank borrowings are repayable by 60 equal monthly instalments commencing from 29th March 2019 and bear interest at floating interest rate. The bank borrowings are denominated in HKD with an effective interest rate of 7.97% (31st December 2022: 5.60%) per annum as at 30th June 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

21 Bank Borrowings (Cont'd)

As at 30th June 2023, the bank borrowings are secured by:

- (1) the legal charges over the Group's land and buildings with carrying amount of approximately HK\$156,343,000 (31st December 2022: HK\$159,600,000) (Note 14);
- (2) the legal charges over the Group's investment properties with carrying amount of HK\$52,000,000 (31st December 2022: HK\$52,000,000) (Note 15);
- (3) the guarantee given by the Company and certain subsidiaries of the Group up to a limit of HK\$330,000,000 (31st December 2022: 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 fulfilment 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 30th June 2023 and 31st December 2022.

22 Share Capital

| | Number of shares | Amount HK\$'000 |
|---|--------------------|-----------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 31st December 2022 and 30th June 2023 | 2,000,000,000 | 200,000 |
| Issued and fully paid: | | |
| At 1st January 2022 | 833,584,192 | 83,358 |
| Issue of ordinary shares upon exercise of share options | 112,300 | 12 |
| At 31st December 2022, 1st January 2023 and 30th June 2023 | 833,696,492 | 83,370 |

All the shares in issued during the period/year rank pari passu with the then existing shares of the Company in all respects.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2023

23 Contingent Liabilities

As at 30th June 2023, performance bonds of approximately HK\$115,880,000 (31st December 2022: HK\$112,156,000) have been issued by the bank on behalf of the Group to customers as security of contracts.

24 Capital Commitments

| | Unaudited 30th June 2023 HK\$'000 | Audited 31st December 2022 HK\$'000 |
|--|--|--|
| Contracted but not provided for: Capital expenditure in respect of property, plant and equipment | 1,015 | 1,407 |

25 Seasonality

Sales of products and the provision of related services are not subject to obvious seasonal factors.

26 Related Party Transactions

As at 30th June 2023, Hong Kong Teamsun owns 67.66% (31st December 2022: 67.66%) of the Company's issued shares. The remaining 32.34% (31st December 2022: 32.34%) of the Company's issued shares were widely held. The ultimate holding company of the Company is Teamsun.

(a) Transactions with related parties:

| Nature of Transaction | Unaudited Six months ended 30th June | |
|-------------------------------------|---|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Fellow subsidiaries: | | |
| Service income charged by the Group | - | 15 |
| Service fee charged to the Group | 441 | 171 |
| The associates: | | |
| Sales by the Group | 50 | 1,154 |
| Purchases by the Group | 5,030 | 3,797 |
| Other income charged by the Group | 33 | 33 |
| Rental income charged by the Group | 199 | 199 |

Sales and purchase of the goods and services are transacted at normal commercial terms that are consistently applied to all customers and vendors.

(b) The remuneration of key management personnel for the six months ended 30th June 2023 amounted to approximately HK\$3,564,000 (six months ended 30th June 2022: HK\$3,556,000).

27 Events after the Reporting Period

On 4th August, 2023, the Group completed the disposal of its entire interest in an associate, iN Systems (Macao) Limited, at a consideration of MOP1,060,320.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2023, total revenue of the Group's was HK\$1,242.4 million, representing an increase of 13.6% from the corresponding period last year, in which product sales was increased by 23.0% to HK\$664.1 million and service revenue was increased by 4.4% to HK\$578.3 million. In addition, product sales and service revenue contributed 53.5% and 46.5% to total revenue respectively, compared to 49.4% and 50.6% for the corresponding period last year.

For the six months ended 30th June 2023, commercial and public sector sales contributed 43.0% and 57.0% to total revenue respectively, compared to 39.3% and 60.7% for the corresponding period last year.

Gross profit for the six months ended 30th June 2023 was HK\$124.5 million, a decrease of HK\$4.4 million or 3.4% compared with the same period last year, it was mainly attributable to the decrease in government grant, as compared to the corresponding period last year.

During the period under review, the Group recorded a profit attributable to the Company's equity holders of HK\$91.1 million, an increase of 7.1 times compared to HK\$11.3 million in the corresponding period last year. The increase was mainly attributable to a net gain on deemed disposal of partial interest in an associate recorded in this period.

For the six months ended 30th June 2023, orders newly secured by the Group amounted to approximately HK\$1,313.9 million, representing an increase of 1.4% from the corresponding period last year. As at 30th June 2023, the Group's order book balance was approximately HK\$1,437.5 million. The Group's net cash stood at approximately HK\$664.2 million with a working capital ratio of 1.86:1. The Group maintained a healthy financial position during the period. As at 30th June 2023, the outstanding borrowings amounted to HK\$33.8 million.

Adjusted EBITDA for the six months ended 30th June 2023 was HK\$65.2 million, which is similar to last year's figure. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The reconciliations from “Profit for the period” to “Adjusted EBITDA” for six months ended 30th June 2023 and 2022 are as follows:

| | Unaudited | |
|--|-------------------------|----------|
| | Six months ended | |
| | 30th June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Profit for the period – HKFRS measure | 91,091 | 11,310 |
| Interest expenses | 1,477 | 1,550 |
| Interest income | (1,976) | (113) |
| Income tax expenses | 9,711 | 10,023 |
| Profit before interest and tax | 100,303 | 22,770 |
| Adjustments for non-cash items: | | |
| Depreciation and amortisation | 12,324 | 12,390 |
| Equity-settled share-based payments expense | 11 | 61 |
| Share of results of associates | 13,161 | 33,897 |
| Adjustments for non-recurring items: | | |
| Net (gain)/loss on deemed disposal of partial interest in an associate | (60,553) | 4,082 |
| Government grants | - | (6,531) |
| Adjusted EBITDA – Non-HKFRS measure | 65,246 | 66,669 |

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Core Business Review

The economic activities of Hong Kong recorded a modest growth in the first half of 2023 amid the pandemic recovery. The Group benefitted from such trend and the overall business performance was stable. The Adjusted EBITDA recorded HK\$65.2 million, representing a similar result as compared to corresponding period last year.

The Group's orders newly secured and revenue recorded HK\$1,313.9 million, HK\$1,242.4 million, respectively, representing an increase of 1.4%, 13.6% as compared to the same period of last year respectively. Adjusted EBITDA and adjusted net profit recorded HK\$65.2 million, HK\$43.5 million respectively. The Group's three businesses, namely DevSecOps, recorded a double-digit growth in revenue as compared to the corresponding period last year.

Innovative Solutions Business

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

Innovative Solutions Business saw an increase in service orders newly secured as compared to the corresponding period last year. The increase was mainly attributable to higher orders amount for professional services and application development. During the period, its service revenue recorded HK\$260.3 million, representing a double-digit growth.

For industry performance, the Group continued to assist the government in promoting the construction of Smart City through the provision of innovative blockchain solutions and the utilization of platform-driven information technology services. In addition, healthcare and other industries also continued to receive numerous orders. During the period, the Group further invested in human resources, especially in areas such as artificial intelligence (AI), robotic process automation (RPA) and ChatGPT, and demonstrated outstanding performance in implementing cloud computing open source coding projects, which earned commendation and affirmation from partners.

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 mild increase as compared to corresponding period last year. During the period, the service revenue recorded an increase, with total service revenue reaching HK\$88.8 million. The main business growth was fueled by the market's ongoing demand for security operation center and traditional cybersecurity and maintenance.

For industry performance, the Group has received orders in various industries such as financial, government, healthcare and retail. The Group also provides DevSec services for agile development. In addition, the Group is strengthening the integration of service platform, so as to provide unified technology services which the Group has competitive edge.

Integrated Managed Services Business

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

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

During the period, the Integrated Managed Services Business's service orders newly secured recorded a slight decline as compared to corresponding period last year, which was attributable to the decrease in orders related to the pandemic, with service revenue reaching HK\$218.9 million.

For industry performance, the Group successfully obtained renewal orders from two financial institutions and an aviation company, as well as a data migration service order from a large entertainment company. We have taken steadfast actions to promote the multi-channel services, while adhering to the philosophy of people-centric and service-oriented. We hosted a series of team-building activities to strengthen teamwork among members.

Platform-Driven DevSecOps Services, Deep Penetration of Focused Industries, "as-a-Service"

The Group actively develops hybrid cloud services and continues to improve the capabilities of its service platform, including its unique Unified Operation Center (UOC), which enables customers to access and analyze data more efficiently, thereby support their decision-making process, enhance customer experience and foster customer loyalty to our brand. The Group's self-branded "ASL Marketplace", an integrated cloud-native online platform showcases cloud-native as-a-Service and one-stop DevSecOps capability, which is expected to launch a new as-a-Service product in the second half of the year. In addition, the Group introduced a leading global financial technology provider, Finastra, last year and focused on talent training and marketing promotion of relevant technologies with an aim to provide tailored solutions for the banking industry during the period.

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 announced the establishment of a new European hub in Switzerland, while expanding human resources in India.

According to Form 10-Q for the six months ended 30th June 2023 of GDH published on the U.S. Securities and Exchange Commission website, the total revenue of GDH for the first half reached US\$157.4 million (equivalent to approximately HK\$1,234.0 million), an increase of 5.8%, while non-GAAP EBITDA was US\$22.8 million (equivalent to approximately HK\$178.9 million). GDH's revenue share in the retail, technology, media and telecommunications sectors in the first half of 2023 was close to 65.0% of overall revenue. GDH's leading AI technology has simultaneously gained recognition from Google Cloud and its clients, leading to the establishment of global partnerships and successful completion of several AI projects. In the first half of the year, GDH received orders from a number of large-scale corporate clients, including a global consumer healthcare company, a leading digital payment services company, and a global hotel and hospitality chain.

i-Sprint Holdings Limited and its subsidiaries ("i-Sprint") (an international leading supplier of management, unified authentication and access control solutions), one of the major associates in Asia Pacific, recorded a stable business performance during the period, with its revenue and EBITDA reaching HK\$59.8 million and HK\$11.5 million respectively. During the period, i-Sprint received a number of orders from major customers and its products has been recognized for industry excellence and received numerous awards, including the 19th Annual 2023 Globee Awards for Cybersecurity organized by Globee Awards and the Cyber Security Global Excellence Award of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Outlook and Prospects

For the remaining year, it is expected to be faced with economic challenges, such as trade protectionism, export risks, geopolitical risks and inflation, which will put the Group's business under pressure. Nevertheless, the Group has remained committed to its strategy, capitalizing on business opportunities brought by the rapid revival of the travel traffic between Hong Kong, Mainland China and international, as well as the improvement of the overall economic climate, delivering unified technology services and bridging the talent gaps.

The Group will prioritize on developing in industry where we have a competitive advantage, and deeply explore the business needs of customers, taking their considerations such as technology adoption trend and service needs into account. In addition, the Group has strategically partnered with Finastra, a leading global financial technology provider, and has become the sole authorized service provider for providing Finastra's Kondor treasury solutions in the form of managed services model in Hong Kong and Macau, to bolster its industry-specific DevSecOps business and strengthen its fintech trajectory.

For technology aspect, the Group adopts cloud-native technology as its foundation and explores the application of innovative technologies, thereby increasing its investment to strengthen multi-cloud and hybrid cloud services. We are committed to the dual-line development of our suppliers from Mainland China and the rest of the world and continuously optimize our partner ecosystem in order to address geopolitical risks.

The inauguration of the Group's Guangdong-Hong Kong-Macau Greater Bay Area headquarters marked a new chapter of its development in the Greater Bay Area. It is a testament that the Group has invested in its core business, which aligns with national policies to leverage information technology to assist enterprises in their development in the Greater Bay Area, while also easing the talents pressure in Hong Kong. In addition, the Group recognizes that nurturing the next generation of talents is crucial to the sustainability of the Group and society. Through the collaboration with The Hong Kong Institution of Engineers during the period, we will cultivate the next generation of IT talents by providing opportunities for visits and organizing seminars to share professional knowledge. Following the 50th anniversary milestone of the Group this year, we will actively pursue opportunities in the Greater Bay Area and look beyond the Greater Bay Area for development projects, striving to become a leading unified technology services provider in the region.

Financial Resources and Liquidity

As at 30th June 2023, the Group's total assets of HK\$3,083.7 million were financed by current liabilities of HK\$777.3 million, non-current liabilities of HK\$172.0 million and equity attributable to equity holders of the Company of HK\$2,134.4 million. The Group had a working capital ratio of approximately 1.86:1.

As at 30th June 2023, the Group had an aggregate composite banking facility from banks of approximately HK\$249.1 million (31st December 2022: HK\$301.5 million). The Group had pledged land and buildings in an aggregate amount of HK\$156.3 million (31st December 2022: HK\$159.6 million), investment properties with a carrying amount of HK\$52.0 million (31st December 2022: HK\$52.0 million) to secure Group's bank borrowings. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$115.9 million as at 30th June 2023 (31st December 2022: HK\$112.2 million). The Group's gearing ratio (total borrowings over equity attributable to equity holders of the Company) was 1.6% as at 30th June 2023 (31st December 2022: 2.7%).

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Material Acquisition and Disposal

During the six months ended 30th June 2023, neither the Company nor any of its subsidiaries had 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 six months ended 30th June 2023 (six months ended 30th June 2022: same).

Contingent Liabilities

As at 30th June 2023, performance bonds of approximately HK\$115.9 million (31st December 2022: HK\$112.2 million) had been issued by the bank on behalf of the Group to customers as security of contracts.

Capital Commitments

As at 30th June 2023, the Group had contracted capital commitment in respect of property, plant and equipment of approximately HK\$1.0 million (31st December 2022: HK\$1.4 million).

Employee and Remuneration Policies

As at 30th June 2023, the Group, excluding its associates, employed 1,499 permanent and contract staff (30th June 2022: 1,449 employees) 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 schemes.

ADDITIONAL INFORMATION

Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2023 (six months ended 30th June 2022: Nil).

Disclosure of Interests

Directors' Interests in Shares and Underlying Shares

As at 30th June 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (a) were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, to be notified to the Company and the Stock Exchange ("Directors' Interests in Shares and Underlying Shares"), were as follows:

(a) Shares

| Name of Companies | Directors | Personal interests | Family interests | Corporate interests | Other | Total | Approximate percentage of shareholding |
|--|--------------|---------------------|------------------|---------------------|-------|------------|--|
| Beijing Teamsun Technology Co., Ltd. ("Teamsun") | Wang Weihang | 43,717,039 | - | - | - | 43,717,039 | 3.99% |
| Grid Dynamics Holdings, Inc. ("GDH") | Wang Weihang | 25,395 ¹ | - | - | - | 25,395 | 0.03% |
| | Wang Yueou | 25,395 ¹ | - | - | - | 25,395 | 0.03% |

(b) Underlying shares

| Name of Companies | Directors | Personal interests | Family interests | Corporate interests | Other | Total | Approximate percentage of shareholding |
|-------------------|---------------|------------------------|------------------|---------------------|-------|-----------|--|
| The Company | Wang Yueou | 4,620,000 ² | - | - | - | 4,620,000 | 0.55% |
| Teamsun | Zhang Bingxia | 250,000 ³ | - | - | - | 250,000 | 0.02% |
| GDH | Wang Yueou | 42,397 ⁴ | - | - | - | 42,397 | 0.06% |

ADDITIONAL INFORMATION (Cont'd)

Disclosure of Interests (Cont'd)

Directors' Interests in Shares and Underlying Shares (Cont'd)

(b) Underlying shares (Cont'd)

Notes:

1. Common stock of GDH granted under the restricted stock units of GDH.
2. Share options to acquire ordinary shares of the Company under a share option scheme adopted on 13th March 2017, further details of which are set out in section headed "Share Schemes" below.
3. According to the 2017 restricted share incentive scheme of Teamsun, the restricted shares of Teamsun may be unlocked and traded on the Shanghai Stock Exchange after unlocking conditions are met. Details of Teamsun's 2017 restricted share incentive scheme were disclosed in Teamsun's announcements dated 14th October 2017, 24th October 2017, 23rd November 2017, 15th December 2017 and 8th December 2018. The restricted shares of the 2017 restricted share incentive scheme of Teamsun yet to be unlocked were repurchased and canceled by Teamsun on 7th August 2019, details were disclosed in Teamsun's announcements dated 28th April 2018, 14th July 2018, 1st August 2018, 7th August 2018 and 19th April 2019.
4. Stock options to subscribe for shares of common stock of GDH under the equity incentive plan of GDH effective on 4th March 2020.
5. Mr. Cui Yong resigned as a non-executive director of the Company with effect from 24th May 2023 and the outstanding share options which he was entitled to exercise shall automatically lapse according to the 2017 Share Option Scheme. Further details of Mr. Cui's share option are set out in the section headed "2017 Share Option Scheme" below.

Save as disclosed above, as at 30th June 2023, none of the Directors and the chief executives of the Company had any Directors' and Chief Executives' Interests in Shares and Underlying Shares.

ADDITIONAL INFORMATION (Cont'd)

Interests of Substantial Shareholders in Shares and Underlying Shares

As at 30th June 2023, so far as the Directors and chief executives of the Company are aware, the following persons (other than the interests of Directors or chief executives of the Company as disclosed in the section headed "Directors' Interests in Shares and Underlying Shares") had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

(a) Shares

| Name of shareholders | Capacity | Nature | Number of ordinary shares of the Company held | Percentage of issued share capital |
|---|------------------------------------|---------------|---|------------------------------------|
| Teamsun Technology (HK) Limited ("Hong Kong Teamsun") | Beneficial owner | Long Position | 564,110,657 | 67.66% |
| Teamsun | Interest of controlled corporation | Long Position | 564,110,657 ¹ | 67.66% |

Note:

1. Teamsun was interested in the entire issued share capital of Hong Kong Teamsun and was therefore deemed to be interested in the 564,110,657 shares of the Company in which Hong Kong Teamsun was interested.

Save as disclosed above, as at 30th June 2023, no other person (other than the Directors or chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Schemes

A. 2017 Share Option Scheme

The Company adopted a share option scheme (the "2017 Share Option Scheme") on 13th March 2017. The 2017 Share Option Scheme will expire on 12th March 2027. A summary of the 2017 Share Option Scheme is as follows:

The purpose of the 2017 Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Company and/or the subsidiaries to subscribe for ordinary shares of par value HK\$0.10 each of the Company. The eligible participants include any employee, executive or officer of the Company or any of its subsidiaries (including executive, non-executive and independent non-executive directors of each of the abovementioned companies).

ADDITIONAL INFORMATION (Cont'd)

Share Schemes (Cont'd)

A. 2017 Share Option Scheme (Cont'd)

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option schemes of the Company (if any) shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at 13th March 2017, the date of approval of the adoption of the 2017 Share Option Scheme. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time. The total number of shares of the Company available for issue under the 2017 Share Option Scheme is 52,618,335, representing 10% and 6.31% of the total number of shares of the Company in issue as at the date of approval of the adoption of the 2017 Share Option Scheme and as at the date of this report, respectively.

Unless approved by the shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue.

Options granted must be taken up within 28 days of the date of offer, upon payment of HK\$1 as consideration per grant. The Board may at its absolute discretion impose any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved by the eligible participant before the option can be exercised. The period during which an option may be exercised will be determined by the Directors at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The exercise price is determined by the Board, and shall be at least the higher of:

- (a) the closing price of the shares of the Company on the Stock Exchange's daily quotation sheets on the date an offer is made;
- (b) the average of the closing prices of the shares of the Company on the Stock Exchange for the five business days immediately preceding the date an offer is made; and
- (c) the nominal value of a share of the Company.

As at the date of this report, the number of issued shares of the Company was 833,696,492. The number of options available for grant under the 2017 Share Option Scheme as at 1st January 2023 and 30th June 2023 is 17,543,435, representing 2.1% of total number of issued shares of the Company as at the date of this report. During the six months ended 30th June 2023, no share option was granted, cancelled, lapsed or exercised under the 2017 Share Option Scheme.

ADDITIONAL INFORMATION (Cont'd)

Share Schemes (Cont'd)

A. 2017 Share Option Scheme (Cont'd)

The following table discloses movements of the outstanding share options granted under the 2017 Share Option Scheme during the period:

| Participants | Date of grant | Vesting Period and Exercise | Exercise Price HK\$ | Number of share options | | | | | | At 30th June 2023 |
|------------------------|---------------|-----------------------------|------------------------|-------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|----------------------------|-------------------|
| | | | | At 1st January 2023 | Granted during the period | Exercised during the period | Lapsed during the period | Cancelled during the period | Adjusted during the period | |
| Directors | | | | | | | | | | |
| Wang Yueou | 31.3.2017 | (Note 1) | 0.970 | 4,620,000 | - | - | - | - | - | 4,620,000 |
| Cui Yong | 31.3.2017 | (Note 1) | 0.970 | 1,320,000 ¹ | - | - | - | - | - | 1,320,000 |
| Other Employees | | | | | | | | | | |
| | 31.3.2017 | (Note 1) | 0.970 | 10,330,925 | - | - | - | - | - | 10,330,925 |
| | 28.4.2017 | (Note 1) | 0.909 | 7,260,000 | - | - | - | - | - | 7,260,000 |
| | 13.12.2017 | (Note 1) | 0.867 | 503,400 | - | - | - | - | - | 503,400 |
| Total | | | | 24,034,325 | - | - | - | - | - | 24,034,325 |

Notes:

- On 31st March 2017, the Company granted share options to certain eligible participants under the 2017 Share Option Scheme to subscribe for a total of 19,140,000 shares of the Company at the exercise price of HK\$1.28. The share options are divided into four tranches, each of which consists of one fourth of the share options and is associated with performance targets within a specific financial period, the details of which are disclosed in the Company's announcement dated 31st March 2017.

On 28th April 2017, the Company granted share options to certain eligible participants under the 2017 Share Option Scheme to subscribe for a total of 6,500,000 shares of the Company at the exercise price of HK\$1.20. The share options are divided into four tranches, each of which consists of one fourth of the share options and is associated with performance targets within a specific financial period, the details of which are disclosed in the Company's announcement dated 28th April 2017.

ADDITIONAL INFORMATION (Cont'd)

Share Schemes (Cont'd)

A. 2017 Share Option Scheme (Cont'd)

Notes: (Cont'd)

1. (Cont'd)

On 13th December 2017, the Company granted share options to certain eligible participants under the 2017 Share Option Scheme to subscribe for a total of 1,388,000 shares of the Company at the exercise price of HK\$1.04. The share options are divided into four tranches, each of which consists of one fourth of the share options and is associated with performance targets within a specific financial period, the details of which are disclosed in the Company's announcement dated 13th December 2017.

The vesting period and exercise period of each tranche of the share options granted on 31st March 2017, 28th April 2017 and 13th December 2017, respectively, are as follows:

| Date of grant | Tranches | Vesting Period | Exercise Periods | Percentage of options of each tranche shall be exercisable |
|---------------|----------------|-----------------------|------------------------|--|
| 31.3.2017 | First tranche | 31.3.2017 to 1.4.2019 | 31.3.2017 to 30.3.2027 | 50% |
| | | | 1.4.2018 to 30.3.2027 | 25% |
| | | | 1.4.2019 to 30.3.2027 | 25% |
| | Second tranche | 28.3.2018 to 1.4.2020 | 28.3.2018 to 30.3.2027 | 50% |
| | | | 1.4.2019 to 30.3.2027 | 25% |
| | | | 1.4.2020 to 30.3.2027 | 25% |
| | Third tranche | 20.3.2019 to 1.4.2021 | 20.3.2019 to 30.3.2027 | 50% |
| | | | 1.4.2020 to 30.3.2027 | 25% |
| | | | 1.4.2021 to 30.3.2027 | 25% |
| | Fourth tranche | 25.3.2020 to 1.4.2022 | 25.3.2020 to 30.3.2027 | 50% |
| | | | 1.4.2021 to 30.3.2027 | 25% |
| | | | 1.4.2022 to 30.3.2027 | 25% |
| 28.4.2017 | First tranche | 1.6.2018 to 1.6.2020 | 1.6.2018 to 27.4.2027 | 50% |
| | | | 1.6.2019 to 27.4.2027 | 25% |
| | | | 1.6.2020 to 27.4.2027 | 25% |
| | Second tranche | 1.6.2019 to 1.6.2021 | 1.6.2019 to 27.4.2027 | 50% |
| | | | 1.6.2020 to 27.4.2027 | 25% |
| | | | 1.6.2021 to 27.4.2027 | 25% |
| | Third tranche | 1.6.2020 to 1.6.2022 | 1.6.2020 to 27.4.2027 | 50% |
| | | | 1.6.2021 to 27.4.2027 | 25% |
| | | | 1.6.2022 to 27.4.2027 | 25% |
| | Fourth tranche | 1.6.2021 to 1.6.2023 | 1.6.2021 to 27.4.2027 | 50% |
| | | | 1.6.2022 to 27.4.2027 | 25% |
| | | | 1.6.2023 to 27.4.2027 | 25% |

ADDITIONAL INFORMATION (Cont'd)

Share Schemes (Cont'd)

A. 2017 Share Option Scheme (Cont'd)

Notes: (Cont'd)

1. (Cont'd)

| Date of grant | Tranches | Vesting Period | Exercise Periods | Percentage of options of each tranche shall be exercisable |
|---------------|----------------|----------------------|------------------------|--|
| 13.12.2017 | First tranche | 1.4.2019 to 1.4.2021 | 1.4.2019 to 12.12.2027 | 50% |
| | | | 1.4.2020 to 12.12.2027 | 25% |
| | | | 1.4.2021 to 12.12.2027 | 25% |
| | Second tranche | 1.4.2020 to 1.4.2022 | 1.4.2020 to 12.12.2027 | 50% |
| | | | 1.4.2021 to 12.12.2027 | 25% |
| | | | 1.4.2022 to 12.12.2027 | 25% |
| | Third tranche | 1.4.2021 to 1.4.2023 | 1.4.2021 to 12.12.2027 | 50% |
| | | | 1.4.2022 to 12.12.2027 | 25% |
| | | | 1.4.2023 to 12.12.2027 | 25% |
| | Fourth tranche | 1.4.2022 to 1.4.2024 | 1.4.2022 to 12.12.2027 | 50% |
| | | | 1.4.2023 to 12.12.2027 | 25% |
| | | | 1.4.2024 to 12.12.2027 | 25% |

- The share options shall lapse automatically and not be exercisable (to the extent not already exercised) after three months from the date of resignation (i.e. 24th May 2023) of Mr. Cui Yong as a Non-Executive Director of the Company according to the 2017 Share Option Scheme.
- The closing prices of the shares of the Company immediately before 31st March 2017, 28th April 2017 and 13th December 2017 on which the share options were granted under the 2017 Share Option Scheme were HK\$1.25, HK\$1.08 and HK\$0.90 per share of the Company, respectively.
- There was no share option exercised during the six months ended 30th June 2023, the weighted average closing price of the share of the Company immediately before the date on which the share options were exercised was not applicable.
- Given that no share option was granted during the period, the number of shares that may be issued in respect of options granted under the 2017 Share Option Scheme during the period divided by the weighted average number of shares in issue is nil.
- During the period, the categories of (i) participant with options in excess of 1% individual limit; (ii) related entity participant or service provider with options granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue of the Company; and (iii) related entity participant and service provider are not applicable to the 2017 Share Option Scheme.

ADDITIONAL INFORMATION (Cont'd)

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 unaudited interim results.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors of the Company is set out below:

1. Mr. Cui Yong resigned as a Non-Executive Director and a member of the Management Committee of the Company with effect from 24th May 2023.
2. Ms. Zhang Bingxia has been appointed as a Non-Executive Director and a member of the Management Committee of the Company with effect from 24th May 2023.
3. Mr. Deng Jianxin, an Independent Non-Executive Director of the Company, has been appointed as the independent director of Eternal Asia Supply Chain Management Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002183.SZ) with effect from 17th October 2022.
4. Ms. Or Siu Ching, Rerina, an Independent Non-Executive Director of the Company, has been appointed as a non-executive director of Analogue Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1977) with effect from 1st April 2023.

ADDITIONAL INFORMATION (Cont'd)

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted 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 six months ended 30th June 2023, and they all confirmed that they have fully complied with the required standards 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 six months ended 30th June 2023, 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 24th May 2023 due to other commitments.

As at 23rd August 2023, the Board comprises Mr. Wang Weihang and Mr. Wang Yueou being Executive Directors; Ms. Zhang Bingxia being Non-Executive Director; and Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Or Siu Ching, Rerina being Independent Non-Executive Directors.