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# AUTOMATED

## AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2023

#### GROUP PERFORMANCE OVERVIEW

(HK\$ million)

#### Group Consolidated Financial Result

<p><b>Revenue</b></p> <p>↑ 13.6 %</p> <p><b>HK\$ 1,242.4</b></p> <p>(CY22 1H : HK\$1,093.8)</p>	<p><b>Profit for the period</b></p> <p>↑ 705.4%</p> <p><b>HK\$ 91.1</b></p> <p>(CY22 1H : HK\$11.3)</p>	<p><b>Basic Earnings Per Share</b></p> <p>(HK Cents)</p> <p><b>10.93</b></p> <p>(CY22 1H : 1.36)</p>
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#### Core Business

<p><b>Order System Integration &amp; Other Businesses</b></p> <p>↑ 2.7% <b>HK\$ 667.1</b></p> <p>(CY22 1H : HK\$ 649.5)</p>	<p><b>Order Unified Technology Services</b></p> <p>↑ 0.1% <b>HK\$ 646.8</b></p> <p>(CY22 1H : HK\$ 645.9)</p>
<p><b>Revenue</b></p> <p>↑ 13.6% <b>HK\$ 1,242.4</b></p> <p>(CY22 1H : HK\$ 1,093.8)</p>	<p><b>Adjusted EBITDA*</b></p> <p>↓ 2.1% <b>HK\$ 65.2</b></p> <p>(CY22 1H : HK\$ 66.7)</p>
<p><b>Adjusted Net Profit*</b></p> <p>↓ 2.0% <b>HK\$ 43.5</b></p> <p>(CY22 1H : HK\$ 44.4)</p>	<p><b>Adjusted Operating Cash Flow*</b></p> <p>↑ 43.5% <b>HK\$ 174.9</b></p> <p>(CY22 1H : HK\$ 121.9)</p>

#### Interest in Associates

<p><b>Share of Results of Associates</b></p> <p><b>HK\$ (13.2)</b></p> <p>(CY22 1H : HK\$ (33.9))</p>	<p><b>Net Gain/(Loss) on Deemed Disposal of Partial Interest in an Associate</b></p> <p><b>HK\$ 60.6</b></p> <p>(CY22 1H : HK\$ (4.1))</p>
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#### Non-Operating Items

<p><b>Adjusted Incomes Related to Corporate &amp; Others*</b></p> <p><b>HK\$ 0.2</b></p> <p>(CY22 1H : HK\$ 4.9)</p>
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**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.

\*:

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

## RESULTS

The Board of Directors (the “Board”) of Automated Systems Holdings Limited (the “Company”) are pleased to announce the unaudited results of the Company and its subsidiaries (the “Group” or “ASL”) for the six months ended 30th June 2023. The interim financial information has been reviewed by the Company’s Audit Committee and the Company’s auditor.

### Condensed Consolidated Statement of Profit or Loss

		Unaudited Six months ended 30th June	
	Notes	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	3	<b>1,242,379</b>	1,093,824
Cost of goods sold		(583,290)	(467,641)
Cost of services rendered		(534,589)	(497,253)
Other income	4	5,038	1,924
Other gain/(loss), net	5	59,491	(5,735)
Selling expenses		(43,573)	(38,480)
Administrative expenses		(30,152)	(29,950)
Finance income	6	136	91
Finance costs		(1,477)	(1,550)
Share of results of associates		(13,161)	(33,897)
<b>Profit before income tax</b>	7	<b>100,802</b>	21,333
Income tax expense	8	(9,711)	(10,023)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>91,091</b>	11,310
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to equity holders of the Company:</b>	10		
– Basic		10.93	1.36
– Diluted		10.93	1.35

## Condensed Consolidated Statement of Comprehensive Income

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

## Condensed Consolidated Statement of Financial Position

		Unaudited 30th June 2023 HK\$'000	Audited 31st December 2022 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	326,910	339,757
Investment properties	12	52,000	52,000
Intangible assets		–	–
Interests in associates	13	1,250,389	1,192,897
Prepayments	15	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
		<u>1,640,625</u>	<u>1,592,128</u>
<b>CURRENT ASSETS</b>			
Inventories		308,820	286,532
Trade receivables	14	150,274	192,079
Finance lease receivables		2,466	2,656
Other receivables, deposits and prepayments	15	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
		<u>1,443,053</u>	<u>1,440,155</u>
<b>TOTAL ASSETS</b>		<u><b>3,083,678</b></u>	<u><b>3,032,283</b></u>
<b>EQUITY</b>			
Share capital		83,370	83,370
Share premium		403,164	403,164
Reserves		1,647,854	1,573,285
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u><b>2,134,388</b></u>	<u><b>2,059,819</b></u>

**Condensed Consolidated Statement of Financial Position (Continued)**

		<b>Unaudited</b>	Audited
		<b>30th June</b>	31st December
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income tax liabilities		<b>170,787</b>	169,423
Lease liabilities		<b>1,167</b>	2,166
		<b>171,954</b>	171,589
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>16</i>	<b>245,323</b>	313,598
Other payables and accruals	<i>17</i>	<b>133,697</b>	169,077
Receipts in advance		<b>346,973</b>	246,561
Current income tax liabilities		<b>12,756</b>	7,724
Bank borrowings	<i>18</i>	<b>33,805</b>	56,347
Lease liabilities		<b>4,782</b>	7,568
		<b>777,336</b>	800,875
<b>TOTAL LIABILITIES</b>		<b>949,290</b>	972,464
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,083,678</b>	3,032,283
<b>NET CURRENT ASSETS</b>		<b>665,717</b>	639,280
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,306,342</b>	2,231,408

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. 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 of Hong Kong Limited (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”).

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (i) 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.

### 3. REVENUE AND SEGMENT INFORMATION

The Group's revenue is analysed as follows:

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

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**

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

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

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information about these businesses is presented below: (Continued)

Unaudited

Six months ended 30th June 2022

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	539,980	553,844	1,093,824
Intersegment revenue	<u>705</u>	<u>10,361</u>	<u>11,066</u>
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*	<u>18</u>	<u>1,799</u>	<u>1,817</u>

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

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

Unaudited

As at 30th June 2023

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	401,884	343,282	745,166
Reportable segment liabilities	<u>399,523</u>	<u>228,022</u>	<u>627,545</u>

Audited

As at 31st December 2022

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

#### (a) Segment accounting policies

Except for the inclusion of time deposits to the unallocated 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.



### 3. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

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

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

	<b>Unaudited Six months ended 30th June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit or loss</b>		
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	<u>(25,503)</u>	<u>(24,434)</u>
Profit before income tax per condensed consolidated statement of profit or loss	<u><u>100,802</u></u>	<u><u>21,333</u></u>

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

	Unaudited 30th June 2023 HK\$'000	Audited 31st December 2022 HK\$'000
<b>Assets</b>		
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	<u>406,377</u>	<u>409,423</u>
Total assets per condensed consolidated statement of financial position	<u><u>3,083,678</u></u>	<u><u>3,032,283</u></u>
	Unaudited 30th June 2023 HK\$'000	Audited 31st December 2022 HK\$'000
<b>Liabilities</b>		
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	<u>138,202</u>	<u>190,213</u>
Total liabilities per condensed consolidated statement of financial position	<u><u>949,290</u></u>	<u><u>972,464</u></u>

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

The following table sets out information about the geographical segment location of the Group's revenue from external customers 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.

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

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### (c) Disaggregation of revenue from contracts with customers

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

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

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.

### 4. OTHER INCOME

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

### 5. OTHER GAIN/(LOSS), NET

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

## 6. FINANCE INCOME

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

## 7. PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended	
	30th June	
	2023	2022
	HK\$'000	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 ECL allowance of trade receivables	(86)	–
ECL allowance of contract assets	1,254	–
Employee benefit expenses (excluding directors' emoluments)	<u>317,835</u>	<u>261,579</u>

## 8. INCOME TAX EXPENSE

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

*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.

## 9. DIVIDENDS

<b>Unaudited</b>	
<b>Six months ended</b>	
<b>30th June</b>	
<b>2023</b>	<b>2022</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

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)

<b>25,011</b>	<b>25,011</b>
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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).

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

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

<b>Unaudited</b>	
<b>Six months ended</b>	
<b>30th June</b>	
<b>2023</b>	<b>2022</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Profit attributable to equity holders of the Company

<b>91,091</b>	<b>11,310</b>
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10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY *(Continued)*

	<b>Number of shares</b>	
	<b>30th June</b>	30th June
	<b>2023</b>	2022
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share <i>(Note (a))</i>	<b>833,696</b>	833,645
Effect of dilutive potential ordinary shares		
–Share options <i>(Note (b))</i>	<u>–</u>	<u>4,031</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>833,696</b></u>	<u>837,676</u>
	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th June</b>	
	<b>2023</b>	2022
	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
Earnings per share		
–Basic	<b>10.93</b>	1.36
–Diluted	<u><b>10.93</b></u>	<u>1.35</u>

*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.

## 11. 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 18.

## 12. 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 the Group's bank borrowing as disclosed in Note 18.

## 13. INTERESTS IN ASSOCIATES

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <b>HK\$'000</b>	Audited 31st December 2022 <i>HK\$'000</i>
Listed	1,228,765	1,172,146
Unlisted	<u>21,624</u>	<u>20,751</u>
	<u><b>1,250,389</b></u>	<u><b>1,192,897</b></u>



### 13. INTERESTS IN ASSOCIATES (Continued)

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

*Note:*

- (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 interest in an associate of HK\$60,553,000 was recognised (Note 5).

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.

### 14. 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.

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

#### 14. TRADE RECEIVABLES (Continued)

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
	<u>159,793</u>	<u>201,194</u>

#### 15. 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
	<u>45,715</u>	<u>29,545</u>
Other receivables, deposits and prepayments – gross	45,715	29,545
Less: ECL allowance	<u>(832)</u>	<u>(832)</u>
	<u>44,883</u>	<u>28,713</u>
Other receivables, deposits and prepayments – net	44,883	28,713
Representing:		
Non-current assets	3,134	–
Current assets	<u>41,749</u>	<u>28,713</u>
	<u>44,883</u>	<u>28,713</u>

## 16. TRADE PAYABLES

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

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <b>HK\$'000</b>	<b>Audited</b> <b>31st December</b> <b>2022</b> <b>HK\$'000</b>
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
	<u>245,323</u>	<u>313,598</u>

## 17. OTHER PAYABLES AND ACCRUALS

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <b>HK\$'000</b>	<b>Audited</b> <b>31st December</b> <b>2022</b> <b>HK\$'000</b>
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
	<u>133,697</u>	<u>169,077</u>

## 18. BANK BORROWINGS

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <b>HK\$'000</b>	<b>Audited</b> <b>31st December</b> <b>2022</b> <b>HK\$'000</b>
<b>Current</b>		
Secured bank borrowings		
– repayable within one year or on demand	<u>33,805</u>	<u>56,347</u>

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.

## 18. BANK BORROWINGS (Continued)

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

- (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 11);
- (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 12);
- (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;
- (5) assignment of insurance of all insurance policies (other than third party liabilities and public liabilities) over the Group's land and buildings and investment properties.

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

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

Subject to repayment on demand clauses which can be exercised at the banks' sole discretion, the above bank borrowings are classified as current liabilities as at 30th June 2023 and 31st December 2022.

## **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).

## **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.

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

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

## **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)

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.

## **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%).

## **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 options scheme.

## **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.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the 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.

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

Hong Kong, 23rd August 2023

*As at the date of this announcement, 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.*