



Unified  
for success

**Automated Systems Holdings Limited**

自動系統集團有限公司\*

*(Incorporated in Bermuda with Limited Liability)*

Stock Code : 771



2024 INTERIM REPORT

Hong Kong · Mainland China · United States · Europe · Taiwan · Macau · Thailand · Singapore · Malaysia

\*For identification purpose only



# 2024 INTERIM RESULTS OVERVIEW

## 1. Group Performance Overview

### Summary

1

Revenue of the Group's core business (namely in Hong Kong and other Asia Pacific regions) recorded **HK\$1,225.5 million**, representing a similar result as compared to the corresponding period last year

2

The Group's gross profit was **HK\$123.2 million** in the review period, representing a similar result as compared to the corresponding period last year

3

Adjusted net profits of the Group's core business recorded **HK\$46.0 million**, up **2.2%** compared to the corresponding period last year

4

The Group recorded a profit for the period of **HK\$38.1 million**, a decrease of **58.2%** compared to **HK\$91.1 million** in the corresponding period last year. The decrease was mainly due to a reduction in the net gain from the deemed disposal of partial interests in an associate for non-recurring item recorded during this period

## Group Performance Highlights

### Core Business Performance

(HK\$ million)

<b>Order – System Integration &amp; Other Businesses</b> <b>▼ 6.1%</b> \$626.1 (CY23 1H: \$667.1)	<b>Order – Unified Technology Services</b> <b>▲ 3.4%</b> \$668.9 (CY23 1H: \$646.8)	<b>Revenue</b> <b>▼ 1.4%</b> \$1,225.5 (CY23 1H: \$1,242.4)
<b>Adjusted EBITDA*</b> <b>▼ 10.7%</b> \$58.2 (CY23 1H: \$65.2)	<b>Adjusted Net Profit*</b> <b>▲ 2.2%</b> \$46.0 (CY23 1H: \$45.1)	<b>Adjusted Operating Cash Flow*</b> <b>▲ 27.8%</b> \$223.5 (CY23 1H: \$174.9)

### Interest in Associates & Non-Operating Items

(HK\$ million)

<b>Non-Operating Items</b> <b>Adjusted Costs Related to Corporate &amp; Others*</b> <b>\$(0.1)</b> (CY23 1H: \$(1.4))	<b>Interest in Associates</b> <b>Share of Results of Associates</b> <b>\$(7.9)</b> (CY23 1H: \$(13.2)) <b>Net Gain on Deemed Disposal of Partial Interests in an Associate</b> <b>\$0.1</b> (CY23 1H: \$60.6)
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### Group's Major Financial Indicators

(HK\$ million)

<b>Orders Newly Secured</b> <b>▼ 1.4%</b> <b>\$1,295.0</b> (CY23 1H: \$1,313.9)	<b>Revenue</b> <b>▼ 1.4%</b> <b>\$1,225.5</b> (CY23 1H: \$1,242.4)	<b>Profit for the Period</b> <b>▼ 58.2%</b> <b>\$38.1</b> (CY23 1H: \$91.1)	<b>Basic Earnings Per Share (HK Cents)</b> <b>4.57</b> (CY23 1H: 10.93)
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## 2. DevSecOps Core Business Highlights



Dev

### Innovative Solutions Business

Application Development  
Enhance Customer Experience with Innovative Applications (Dev)

#### Win Cases

- Increase in orders for **application development and IT outsourcing services**
- In terms of sector performance, the Group actively promoted ITAI brands and technological applications in the industry and participated in the implementation of the “**iAM Smart+**” platform to assist the government in advancing smart city initiatives
- Launched an inter-institutional academic platform using **blockchain technology** and enhanced its technical support and application of APP
- Supported an enterprise engaging in electronic payment system in **providing cross-border payment services in the Greater Bay Area and Southeast Asia**

#### Key Developments

- **Continuing to focus in specific departments**



Sec

### Intelligent Cybersecurity Services Business

Cybersecurity  
Protect Your Assets with Intelligent Security Technology (Sec)

#### Win Cases

- Addressed ongoing demand for **cybersecurity services, Security Operation Centers, and security managed services**
- In terms of sector performance, the Group **demonstrated stable performance** across various sectors
- Implemented a **large-scale network installation and data center revamp project** in the aviation sector
- Many banking and retail clients adopted the Group's **Security Operation Center (SOC) and security managed services**

#### Key Developments

- Enhanced SOC platform using **AI technologies**



Ops

### Integrated Managed Services Business

Omni-channel Managed Services  
Simplify Your IT Operations to Increase Efficiency (Ops)

#### Win Cases

- Received numerous projects in **ITSM, DevSecOps, and managed services**
- Successfully provided **large-scale mission-critical systems migration services** for an entertainment organization
- In terms of sector performance, the Group provided **large-scale data migration and daily IT operations services** to clients in various sectors

#### Key Developments

- Implemented a **private cloud services expansion project**, offering Infrastructure as a Service

### 3. Established "Center of Excellence" and Promoting ITAI Products

**Promoting Integration and Innovative Application of IT Products from Mainland China and the Rest of the World Expanding Chinese Brands Ecosystem to Serve Greater Bay Area Clients**



## 4. Sector-focus Strategies and Expansion in the Greater Bay Area

**Actively participate in activities within our competitive sectors**



**Capitalizing the Digital Finance Opportunities in the Bay Area**



**Advancing Promotion of China's ITAI Technologies**

## 5. 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 7.81 is used for conversion)

Revenue

▲ 3.5%  
\$1,271.6

Non-GAAP EBITDA

▼ 3.5%  
\$172.0

Non-GAAP Net Income

▼ 16.7%  
\$88.0

#### Business Developments

- **Expanded AI capabilities**, and now have **approximately 30 customized solutions and service offerings** targeting Fortune 500 companies across various industries

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

(HK\$ million, SGD/HKD exchange rate of 5.75 is used for conversion)

Revenue

▲ 14.8%  
\$68.7

EBITDA

▲ 37.5%  
\$15.8

Net Profit

\$8.5

#### Business Developments

- **Optimizing management, deepening relationships with key clients, and replicating successful cases**
- Universal Authentication Server (UAS) has obtained **FIDO2 certification**
- **Received numerous awards** for cybersecurity excellence



## 6. Outlooks

- **Accelerating the development of the Chinese brand ecosystem**
- **Preparing to establish offshore development center at the west bank of the Pearl River Estuary, and setting up a remote, omni-channel, 7x24 managed services support system to provide smarter, round-the-clock, and cross-border professional IT support services. Indeed, the Group's omni-channel managed services adopt the Information Technology Infrastructure Library (ITIL) standard, which belongs to the Artificial Intelligence for IT Operations (AIOps) domain. It is equipped with the latest artificial intelligence (AI) technologies, which can help identify and solve problems more swiftly**
- **Continuing to elevate DevSecOps integration capabilities and expand the talent pool**
- **Advancing managed services using the DevSecOps Maturity Model**
- **Leveraging industry expertise to understand clients' business environments and maximize strengths in client application areas**
- **Focusing on the development of key sectors such as government and banking, and enhancing pre-sales and post-sales service capabilities for such specific sectors**



**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, share of results of associates and net gain on deemed disposal of partial interest in an associate.

**Adjusted Net Profit:** Adjusted Net Profit is calculated based on Adjusted EBITDA adding back finance costs (except for interest expenses on bank borrowings arising from acquisition activities), interest income, depreciation and amortisation and income tax expense.

**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.

**Adjusted Costs Related to Corporate and Others:** Mainly represent the equity-settled share-based payments expense and interest expenses on bank borrowings arising from acquisition activities.

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

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

**CY23 1H:** Representing the first six months of calendar year 2023.

\*: 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 Auditor's Report on Review of Condensed Interim Financial Information
- 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
- 35** Additional Information

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

WANG Weihang (*Chairman*)

WANG Yueou (*Chief Executive Officer*)

### NON-EXECUTIVE DIRECTOR

ZHANG Bingxia

### INDEPENDENT NON-EXECUTIVE DIRECTORS

PAN Xinrong

DENG Jianxin

OR Siu Ching Regina

### AUDIT COMMITTEE

DENG Jianxin (*Chairman*)

PAN Xinrong

OR Siu Ching Regina

### REMUNERATION COMMITTEE

PAN Xinrong (*Chairman*)

DENG Jianxin

OR Siu Ching Regina

### NOMINATION COMMITTEE

WANG Weihang (*Chairman*)

PAN Xinrong

DENG Jianxin

### MANAGEMENT COMMITTEE

WANG Yueou (*Chairman*)

WANG Weihang

ZHANG Bingxia

### 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

[www.asl.com.hk](http://www.asl.com.hk)



Grant Thornton

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**TO THE BOARD OF DIRECTORS OF  
AUTOMATED SYSTEMS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the condensed consolidated interim financial information of Automated Systems Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 4 to 27, which comprises the condensed consolidated statement of financial position as of 30th June 2024, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and 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 condensed 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 condensed consolidated 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 condensed consolidated interim financial information 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

21st August 2024

### **Lau Kwong Kei**

Practising Certificate No.: P07578

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2024

		<b>Unaudited Six months ended 30th June</b>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
	Notes		
<b>Revenue</b>	6	<b>1,225,462</b>	1,242,379
Cost of goods sold		<b>(522,218)</b>	(583,290)
Cost of services rendered		<b>(580,053)</b>	(534,589)
Other income	7	<b>13,332</b>	5,038
Other (loss)/gain, net	8	<b>(921)</b>	59,491
Selling expenses		<b>(47,403)</b>	(43,573)
Administrative expenses		<b>(31,895)</b>	(30,152)
Finance income	9	<b>85</b>	136
Finance costs		<b>(563)</b>	(1,477)
Share of results of associates		<b>(7,867)</b>	(13,161)
<b>Profit before income tax</b>	10	<b>47,959</b>	100,802
Income tax expense	11	<b>(9,858)</b>	(9,711)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>38,101</b>	91,091
		<b>HK cents</b>	HK cents
<b>Earnings per share attributable to equity holders of the Company:</b>	13		
- Basic		<b>4.57</b>	10.93
- Diluted		<b>4.57</b>	10.93

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 2024

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
<b>Profit for the period</b>	<b>38,101</b>	91,091
<b>Other comprehensive (loss)/income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of overseas operations	<b>(4,638)</b>	4,484
Share of other comprehensive (loss)/income of associates	<b>(1,508)</b>	3,994
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b>31,955</b>	99,569

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 2024

	Notes	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	330,111	337,048
Investment properties	15	50,800	50,800
Intangible assets		–	–
Interests in associates	16	1,247,512	1,258,056
Prepayments	18	6,837	2,350
Financial asset at fair value through other comprehensive income ("FVOCI")		3,904	3,906
Finance lease receivables		1,801	2,499
Deferred income tax assets		861	781
		<b>1,641,826</b>	1,655,440
<b>Current assets</b>			
Inventories		322,454	295,890
Trade receivables	17	194,489	228,692
Finance lease receivables		1,284	1,726
Other receivables, deposits and prepayments	18	57,086	41,900
Contract assets		286,440	344,583
Tax recoverable		5,039	3,044
Time deposits		336,447	287,218
Bank balances and cash		382,300	252,401
		<b>1,585,539</b>	1,455,454
<b>Total assets</b>		<b>3,227,365</b>	3,110,894
<b>Equity</b>			
Share capital	23	83,370	83,370
Share premium		403,164	403,164
Reserves		1,697,726	1,690,782
<b>Equity attributable to equity holders of the Company</b>		<b>2,184,260</b>	2,177,316

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 2024

	Notes	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
<b>Non-current liabilities</b>			
Deferred income tax liabilities		170,499	170,229
Lease liabilities		4,968	5,969
		<b>175,467</b>	176,198
<b>Current liabilities</b>			
Trade payables	19	341,067	302,821
Other payables and accruals	20	140,298	179,245
Receipts in advance	21	369,534	253,535
Current income tax liabilities		10,496	5,331
Bank borrowings	22	-	11,259
Lease liabilities		6,243	5,189
		<b>867,638</b>	757,380
<b>Total liabilities</b>		<b>1,043,105</b>	933,578
<b>Total equity and liabilities</b>		<b>3,227,365</b>	3,110,894
<b>Net current assets</b>		<b>717,901</b>	698,074
<b>Total assets less current liabilities</b>		<b>2,359,727</b>	2,353,514

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 2024

	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
<b>At 1st January 2023</b>	83,370	403,164	34,350	261,775	(6,341)	7,704	1,275,797	2,059,819
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	91,091	91,091
<b>Other comprehensive income:</b>								
Exchange differences on translation of overseas operations	-	-	-	-	4,484	-	-	4,484
Share of other comprehensive income of associates	-	-	-	-	3,994	-	-	3,994
<b>Total comprehensive income for the period</b>	-	-	-	-	8,478	-	91,091	99,569
<b>Transaction with owners:</b>								
Final dividend for the year ended 31st December 2022 (Note 12)	-	-	-	-	-	-	(25,011)	(25,011)
Recognition of equity-settled share-based payments	-	-	-	-	-	11	-	11
<b>Total transaction with owners</b>	-	-	-	-	-	11	(25,011)	(25,000)
<b>At 30th June 2023</b>	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 CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June 2024

	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
<b>At 1st January 2024</b>	83,370	403,164	34,350	265,963	649	7,236	1,382,584	2,177,316
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	38,101	38,101
<b>Other comprehensive loss:</b>								
Exchange differences on translation of overseas operations	-	-	-	-	(4,638)	-	-	(4,638)
Share of other comprehensive loss of associates	-	-	-	-	(1,508)	-	-	(1,508)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	-	(6,146)	-	38,101	31,955
<b>Transaction with owners:</b>								
Final dividend for the year ended 31st December 2023 (Note 12)	-	-	-	-	-	-	(25,011)	(25,011)
Lapse of share options transferred to retained earnings	-	-	-	-	-	(39)	39	-
<b>Total transaction with owners</b>	-	-	-	-	-	(39)	(24,972)	(25,011)
<b>At 30th June 2024</b>	83,370	403,164	34,350	265,963	(5,497)	7,197	1,395,713	2,184,260

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 2024

	<b>Unaudited Six months ended 30th June</b>	
	<b>2024 HK\$'000</b>	2023 HK\$'000
<b>Operating activities</b>		
Cash generated from operations	<b>229,967</b>	176,320
Hong Kong profits tax paid	<b>(4,231)</b>	(3,455)
Overseas tax paid	<b>(2,209)</b>	(681)
<b>Net cash from operating activities</b>	<b>223,527</b>	172,184
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(4,331)</b>	(1,292)
Placement of time deposits, net	<b>(49,229)</b>	(6,403)
Interest received	<b>1,607</b>	1,976
<b>Net cash used in investing activities</b>	<b>(51,953)</b>	(5,719)
<b>Financing activities</b>		
Proceeds from bank borrowings	<b>10,000</b>	-
Repayment of bank borrowings	<b>(21,250)</b>	(22,500)
Principal portion of lease payments	<b>(3,194)</b>	(3,744)
Interests paid	<b>(569)</b>	(1,536)
Dividends paid	<b>(24,998)</b>	(25,002)
<b>Net cash used in financing activities</b>	<b>(40,011)</b>	(52,782)
Net increase in cash and cash equivalents	<b>131,563</b>	113,683
Cash and cash equivalents at the beginning of the period	<b>252,401</b>	547,635
Effect of foreign exchange rate changes	<b>(1,664)</b>	2,910
Cash and cash equivalents at the end of the period	<b>382,300</b>	664,228

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 2024

## 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 2024, 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 21st August 2024.

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 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 3 Adoption of Amended HKFRSs

### Amended HKFRSs that are effective for annual periods beginning from 1st January 2024

The interim financial information for the six months ended 30th June 2024 have been prepared in accordance with the accounting policies adopted in the consolidated financial statements for the year ended 31st December 2023, except for the adoption of the following amended HKFRSs which are effective as of 1st January 2024.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these 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 2024

### 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 2023.

### 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 2023.

#### (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 2024			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurement</b>				
<b>Financial asset at FVOCI</b>				
Unlisted preferred stock	-	-	3,904	3,904
		Audited		
		At 31st December 2023		
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurement</b>				
<b>Financial asset at FVOCI</b>				
Unlisted preferred stock	-	-	3,906	3,906

# NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

## 5 Financial Risk Management (Cont'd)

### (i) Fair value measurement (Cont'd)

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

	<b>Financial asset at FVOCI HK\$'000</b>
At 1st January 2024	3,906
Exchange realignment	(2)
<b>At 30th June 2024</b>	<b>3,904</b>

The investment in unlisted preferred stock of the Group were last revalued at 31st December 2023 by an independent professional valuer on equity value based on backsolve method with reference to recent market transaction price allocated to series A preferred stock.

As at 30th June 2024, the directors of the Company considered that the fair value of investment in unlisted preferred stock measured at FVOCI did not differ significantly.

During the six months ended 30th June 2024, 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:

	<b>Unaudited Six months ended 30th June</b>	
	<b>2024 HK\$'000</b>	2023 HK\$'000
Sales of goods	<b>611,325</b>	664,085
Revenue from service contracts	<b>614,137</b>	578,294
	<b>1,225,462</b>	1,242,379

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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 6 Revenue and Segment Information (Cont'd)

The Group is organised into two (six months ended 30th June 2023: 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 2024

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Revenue from external customers	611,325	614,137	1,225,462
Intersegment revenue	2,296	9,625	11,921
Segment revenue	613,621	623,762	1,237,383
Reportable segment profit	67,276	8,087	75,363
Segment depreciation	1,500	6,061	7,561
Additions to property, plant and equipment*	18	2,359	2,377

\* Additions to property, plant and equipment of HK\$5,298,000 were related to unallocated assets.

#### 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.



## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 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 2024

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Reportable segment assets	459,234	387,661	846,895
Reportable segment liabilities	441,117	320,427	761,544

Audited

As at 31st December 2023

	IT Products HK\$'000	IT Services HK\$'000	Total HK\$'000
Reportable segment assets	506,343	395,947	902,290
Reportable segment liabilities	344,080	263,683	607,763

#### (a) Segment accounting policies

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 2023.

#### (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:

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	1,237,383	1,254,431
Elimination of intersegment revenue	(11,921)	(12,052)
Revenue per condensed consolidated statement of profit or loss	1,225,462	1,242,379

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 2024

### 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)

	<b>Unaudited Six months ended 30th June</b>	
<b>Profit or loss</b>	<b>2024 HK\$'000</b>	2023 HK\$'000
Reportable segment profit	<b>75,363</b>	80,163
Unallocated amounts:		
Unallocated other income	<b>12,967</b>	4,979
Unallocated other (loss)/gain, net	<b>(921)</b>	59,491
Unallocated depreciation	<b>(5,584)</b>	(3,690)
Share of results of associates	<b>(7,867)</b>	(13,161)
Finance costs	<b>(563)</b>	(1,477)
Unallocated corporate expenses	<b>(25,436)</b>	(25,503)
Profit before income tax per condensed consolidated statement of profit or loss	<b>47,959</b>	100,802
	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
<b>Assets</b>		
Reportable segment assets	<b>846,895</b>	902,290
Unallocated assets:		
Interests in associates	<b>1,247,512</b>	1,258,056
Deferred income tax assets	<b>861</b>	781
Tax recoverable	<b>5,039</b>	3,044
Time deposits	<b>336,447</b>	287,218
Bank balances and cash	<b>382,300</b>	252,401
Unallocated corporate assets	<b>408,311</b>	407,104
Total assets per condensed consolidated statement of financial position	<b>3,227,365</b>	3,110,894

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 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)

<b>Liabilities</b>	<b>Unaudited 30th June 2024 HK\$'000</b>	<b>Audited 31st December 2023 HK\$'000</b>
Reportable segment liabilities	<b>761,544</b>	607,763
Unallocated liabilities:		
Current income tax liabilities	<b>10,496</b>	5,331
Deferred income tax liabilities	<b>170,499</b>	170,229
Unallocated corporate liabilities	<b>100,566</b>	150,255
Total liabilities per condensed consolidated statement of financial position	<b>1,043,105</b>	933,578

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.

<b>Place of domicile</b>	<b>Revenue from external customers</b>		<b>Specific non-current assets</b>	
	<b>Unaudited Six months ended 30th June</b>		<b>Unaudited 30th June 2024 HK\$'000</b>	<b>Audited 31st December 2023 HK\$'000</b>
	<b>2024 HK\$'000</b>	2023 HK\$'000		
Hong Kong	<b>1,161,779</b>	1,184,572	<b>333,809</b>	333,437
United States of America ("U.S.")	-	-	<b>1,219,685</b>	1,232,932
Mainland China	<b>978</b>	3,302	<b>51,221</b>	53,902
Macau	<b>27,972</b>	25,705	<b>1,258</b>	1,816
Singapore	-	-	<b>27,827</b>	25,124
Thailand	<b>22,966</b>	22,144	<b>778</b>	973
Taiwan	<b>11,767</b>	6,656	<b>682</b>	70
	<b>1,225,462</b>	1,242,379	<b>1,635,260</b>	1,648,254

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 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 2023: one customer) with whom transaction exceeded 10% of the Group's revenue amounted to approximately HK\$122,716,000 during the six months ended 30th June 2024 (six months ended 30th June 2023: HK\$178,071,000). The revenue attributable to IT Products segment and IT Services segment amounted to approximately HK\$53,498,000 (six months ended 30th June 2023: HK\$89,037,000) and HK\$69,218,000 (six months ended 30th June 2023: HK\$89,034,000) respectively during the six months ended 30th June 2024.

#### (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	
	2024 HK\$'000	2023 HK\$'000
<b>Timing of revenue recognition</b>		
At a point in time	705,211	745,929
Over time	520,251	496,450
Revenue from external customers	<b>1,225,462</b>	1,242,379

Revenue relates to performance obligation that are unsatisfied as at 30th June 2024 amounted to approximately HK\$1,569,328,000 (As at 31st December 2023: HK\$1,508,621,000) are expected to be recognised within one to five years.

### 7 Other Income

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Interest on bank deposits	11,237	1,976
Rental income from investment properties	1,403	1,403
Others	692	1,659
	<b>13,332</b>	5,038

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 8 Other (Loss)/Gain, Net

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Net gain on deemed disposal of partial interest in an associate	58	60,553
Exchange loss, net	(975)	(1,034)
Others	(4)	(28)
	<b>(921)</b>	59,491

### 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	
	2024 HK\$'000	2023 HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment – owned assets	9,879	8,725
Property, plant and equipment – right-of-use assets	3,266	3,599
ECL allowance of trade receivables	-	490
Reversal of ECL allowance of trade receivables	(136)	(86)
ECL allowance of contract assets	-	1,254
Employee benefit expenses (excluding directors' emoluments)	340,358	317,835

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 11 Income Tax Expense

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Current taxation:		
Hong Kong profits tax (Note (i))	7,663	8,624
Overseas taxation	1,959	566
	9,622	9,190
Deferred taxation:		
Current period	236	521
Income tax expense	9,858	9,711

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 2024 and 2023, 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	
	2024 HK\$'000	2023 HK\$'000
Dividend approved and paid during the period:		
Final dividend in respect of the year ended 31st December 2023 of 3.0 HK cents per share (six months ended 30th June 2023: in respect of the year ended 31st December 2022 of 3.0 HK cents per share)	25,011	25,011

The board of directors do not recommend the payment of an interim dividend for the six months ended 30th June 2024 (six months ended 30th June 2023: Nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 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	
	2024 HK\$'000	2023 HK\$'000
Profit attributable to equity holders of the Company for basic and diluted earnings per share	<b>38,101</b>	91,091

  

	Number of shares	
	30th June 2024 '000	30th June 2023 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Notes (a))	<b>833,696</b>	833,696

  

	Unaudited Six months ended 30th June	
	2024 HK cents	2023 HK cents
Earnings per share		
– Basic	<b>4.57</b>	10.93
– Diluted	<b>4.57</b>	10.93

Notes:

- The 833,696,000 (six months ended 30th June 2023: 833,696,000) ordinary shares are derived from the weighted average number of ordinary shares in issue during the six months ended 30th June 2024.
- The calculation of the diluted earnings per share for the six months ended 30th June 2024 and 2023 has not taken into account the exercise of the share options of the Company granted in 2017 and the effect of 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 2024

### 14 Property, Plant and Equipment

During the six months ended 30th June 2024, additions to property, plant and equipment, mainly for computer equipment, was approximately HK\$4,331,000 (six months ended 30th June 2023: HK\$1,292,000).

During the six months ended 30th June 2024, addition to right-of-use assets, right-of-use assets with reassessment of lease term and lease modification included in property, plant and equipment amounting to HK\$714,000 (six months ended 30th June 2023: HK\$67,000), and HK\$2,630,000 (six months ended 30th June 2023: HK\$nil), respectively, which are related to office premises.

The Group's land and buildings were stated at valuations made at 31st December 2023 less depreciation. The land and buildings were last revalued by an independent professional valuer at 31st December 2023 on market value basis which was determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2024, 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 2024, 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\$74,110,000 (31st December 2023: HK\$76,013,000).

As at 31st December 2023, the Group had pledged land and buildings with carrying amount of approximately HK\$156,000,000 to secure Group's bank borrowings as disclosed in Note 22.

### 15 Investment Properties

The investment properties of the Group were last revalued at 31st December 2023 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 2024, 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 31st December 2023, the Group had pledged investment properties with carrying amount of HK\$50,800,000 to secure Group's bank borrowing as disclosed in Note 22.

### 16 Interests In Associates

	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
Listed (Note)	<b>1,219,685</b>	1,232,932
Unlisted	<b>27,827</b>	25,124
	<b>1,247,512</b>	1,258,056

Note:

The Group's interest in listed securities represents the Group's interest in Grid Dynamics Holdings, Inc. ("GDH"), of which its shares are listed on NASDAQ. As at 30th June 2024, the fair value of the Group's interest in GDH was USD155,575,000 (equivalent to approximately HK\$1,215,807,000) (31st December 2023: USD197,318,000 (equivalent to approximately HK\$1,541,401,000)), which is based on the quoted stock price of GDH on NASDAQ of USD10.51 (31st December 2023: USD13.33) per share as at 30th June 2024 and is within Level 1 of the fair value hierarchy.



## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 16 Interests in Associates (Cont'd)

	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
At beginning of the period/year	<b>1,258,056</b>	1,192,897
Net gain on deemed disposal of partial interest in an associate (Note (i))	<b>58</b>	60,394
Disposal of interest in an associate (Note (ii))	-	(324)
Dividend received	-	(699)
Share of results of associates	<b>(7,867)</b>	(1,685)
Share of other comprehensive (loss)/income of associates	<b>(1,508)</b>	5,059
Exchange realignment	<b>(1,227)</b>	2,414
At end of the period/year	<b>1,247,512</b>	1,258,056

Notes:

- (i) During the six months ended 30th June 2024 and the year ended 31st December 2023, certain restricted stock units and performance stock units granted by 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 19.51% as at 31st December 2023 to 19.31% as at 30th June 2024, and a net gain on deemed disposal of interest in an associate of HK\$58,000 (six months ended 30th June 2023: gain of HK\$60,553,000) was recognised in "Other (loss)/gain, net" (Note 8).
- (ii) On 4th August 2023, the Group completed the disposal of its entire interest in an associate, iN Systems (Macao) Limited, at a consideration of approximately MOP1,060,000 (equivalent to approximately HK\$1,029,000).

The Group had 19.31% interest in the listed associate, GDH as at 30th June 2024 (31st December 2023: 19.51%) 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 accounts for its interests in GDH using equity method.

### 17 Trade Receivables

	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
Trade receivables – gross	<b>203,865</b>	238,204
Less: ECL allowance	<b>(9,376)</b>	(9,512)
Trade receivables – net	<b>194,489</b>	228,692

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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 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:

	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
0 – 30 days	92,430	131,852
31 – 60 days	28,875	55,324
61 – 90 days	34,150	19,190
Over 90 days	48,410	31,838
	<b>203,865</b>	238,204

### 18 Other Receivables, Deposits and Prepayments

	Note	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
Other receivables	(a)	12,488	2,104
Deposits		5,926	5,975
Prepayments	(b)	42,620	28,689
Amount due from ultimate holding company		832	832
Amounts due from associates		2,889	7,482
Other receivables, deposits and prepayments – gross		64,755	45,082
Less: ECL allowance		(832)	(832)
Other receivables, deposits and prepayments – net		<b>63,923</b>	44,250
Representing:			
Non-current assets		6,837	2,350
Current assets		57,086	41,900
		<b>63,923</b>	44,250

- (a) As at 30th June 2024, the other receivables mainly included interest receivables of HK\$9,990,000 (31st December 2023: HK\$259,000), the increase was mainly attributable to time deposits increased during the period.
- (b) As at 30th June 2024, prepayments mainly consisted of prepayment for purchase amounted to HK\$19,686,000 (31st December 2023: HK\$12,383,000), prepayment for insurance amounted to HK\$4,600,000 (31st December 2023: HK\$1,606,000) and prepayment for maintenance amounted to HK\$14,671,000 (31st December 2023: HK\$9,846,000).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 19 Trade Payables

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

	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
Current	<b>202,601</b>	222,681
Within 30 days	<b>91,399</b>	51,376
31 – 60 days	<b>24,730</b>	6,132
61 – 90 days	<b>4,655</b>	3,313
Over 90 days	<b>17,682</b>	19,319
	<b>341,067</b>	302,821

### 20 Other Payables and Accruals

	Note	<b>Unaudited 30th June 2024 HK\$'000</b>	Audited 31st December 2023 HK\$'000
Other payables		<b>8,022</b>	6,313
Accruals	(a)	<b>129,959</b>	169,198
Amount due to ultimate holding company		<b>1,973</b>	1,460
Amounts due to an associate		<b>323</b>	2,252
Amount due to a fellow subsidiary		<b>21</b>	22
		<b>140,298</b>	179,245

(a) As at 30th June 2024, accruals mainly included provision of employee benefit expenses amounted to HK\$94,250,000 (31st December 2023: HK\$140,223,000), which include accrued salary, provision for bonus and provision for long service payments.

### 21 Receipts in Advance

The increase (31st December 2023: increase) of receipts in advance as at 30th June 2024 is mainly due to increase (31st December 2023: increase) in billings in advance and deposit received from customers during the period.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Cont'd)

For the six months ended 30th June 2024

### 22 Bank Borrowings

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
<b>Current</b>		
Secured bank borrowings		
– repayable within one year or on demand	–	11,259

The bank borrowings are repayable by 60 equal monthly instalments commencing from 29th March 2019 and bear interest at floating interest rate. As at 31st December 2023, the bank borrowings are denominated in HKD with an effective interest rate 6.78% per annum. All bank borrowings are fully repaid during six months ended 30th June 2024.

As at 31st December 2023, the bank borrowings are secured by:

- (1) the legal charges over the Group's land and buildings with carrying amount of approximately HK\$156,000,000 (Note 14);
- (2) the legal charges over the Group's investment properties with carrying amount of HK\$50,800,000 (Note 15);
- (3) the guarantee given by the Company and certain subsidiaries of the Group up to a limit of HK\$330,000,000;
- (4) assignment of rental and sales proceeds from the Group's land and buildings and investment properties; and
- (5) assignment of insurance of all insurance policies (other than third party liabilities and public liabilities) over the Group's land and buildings and investment properties.

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

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

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

### 23 Share Capital

	Number of shares	Amount HK\$'000
<b>Ordinary shares of HK\$0.10 each</b>		
<b>Authorised:</b>		
<b>As at 1st January 2023, 31st December 2023, 1st January 2024 and 30th June 2024</b>	<b>2,000,000,000</b>	<b>200,000</b>
<b>Issued and fully paid:</b>		
<b>As at 1st January 2023, 31st December 2023, 1st January 2024 and 30th June 2024</b>	<b>833,696,492</b>	<b>83,370</b>

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 2024

### 24 Contingent Liabilities

As at 30th June 2024, performance bonds of approximately HK\$106,040,000 (31st December 2023: HK\$126,819,000) have been issued by the bank on behalf of the Group to customers as security of contracts.

### 25 Capital Commitments

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
<i>Contracted but not provided for:</i>		
Capital expenditure in respect of property, plant and equipment	684	369

### 26 Seasonality

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

### 27 Related Party Transactions

As at 30th June 2024, Hong Kong Teamsun owns 67.66% (31st December 2023: 67.66%) of the Company's issued shares. The remaining 32.34% (31st December 2023: 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	
	2024 HK\$'000	2023 HK\$'000
<b>Fellow subsidiaries:</b>		
Service fee charged to the Group	1,232	441
<b>The associates:</b>		
Sales by the Group	1,993	50
Purchases by the Group	4,344	5,030
Rental income charged by the Group	205	199
Other income charged by the Group	32	33

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

Rental income was transacted with reference to the rental rates prevailing in the market.

- (b) The remuneration of key management personnel for the six months ended 30th June 2024 amounted to approximately HK\$4,098,000 (six months ended 30th June 2023: HK\$3,564,000).

### 28 Events After The Reporting Period

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Results

For the six months ended 30th June 2024, total revenue and gross profit of the Group were HK\$1,225.5 million and HK\$123.2 million respectively, representing a similar result as compared to corresponding period last year. During the period, product sales was decreased by 7.9% to HK\$611.3 million while service revenue was increased by 6.2% to HK\$614.1 million. In addition, product sales and service revenue contributed 49.9% and 50.1% to total revenue respectively, compared to 53.5% and 46.5% for the corresponding period last year.

For the six months ended 30th June 2024, commercial and public sector sales contributed 43.5% and 56.5% to total revenue respectively, compared to 43.0% and 57.0% for the corresponding period last year.

During the period under review, the Group recorded a profit attributable to the Company's equity holders of HK\$38.1 million, a decrease of 58.2% compared to last period of HK\$91.1 million. The decrease was mainly due to a reduction in the net gain from the deemed disposal of partial interests in an associate recorded during this period.

For the six months ended 30th June 2024, orders newly secured by the Group amounted to approximately HK\$1,295.0 million, representing a similar result as compared to corresponding period last year. As at 30th June 2024, the Group's order book balance was approximately HK\$1,569.3 million. The Group's bank balances and cash and time deposits in total stood at approximately HK\$718.7 million with a working capital ratio of 1.83:1. The Group maintained a healthy financial position. As at 30th June 2024, the Group has no outstanding borrowings.

"Adjusted EBITDA" for the six months ended 30th June 2024 was HK\$58.2 million, a decrease of 10.7% compared to last period. 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 2024 and 2023 are as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period – HKFRS measure</b>	<b>38,101</b>	91,091
Interest expenses	<b>563</b>	1,477
Interest income	<b>(11,237)</b>	(1,976)
Income tax expenses	<b>9,858</b>	9,711
<b>Profit before interest and tax</b>	<b>37,285</b>	100,303
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	<b>13,145</b>	12,324
Equity-settled share-based payments expense	<b>-</b>	11
Share of results of associates	<b>7,867</b>	13,161
<b>Adjustments for non-recurring items:</b>		
Net gain on deemed disposal of partial interest in an associate	<b>(58)</b>	(60,553)
<b>Adjusted EBITDA – non-HKFRS measure</b>	<b>58,239</b>	65,246

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## Core Business Review

The orders newly secured and the revenue of the Group recorded HK\$1,295.0 million and HK\$1,225.5 million respectively, similar to the same period last year. The adjusted profit of the Group increased by 2.2% to HK\$46.0 million.

## Innovative Solutions Business

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

Innovative Solutions Business saw an increase in service orders newly secured for the period as compared to last year. The increase was mainly attributable to higher orders volumes for application development and the provision of IT outsourcing services. During the period, its service revenue recorded HK\$249.8 million.

For sector performance, the Group was keen to promote the brand and technological application of Information Technology Application Innovation (ITAI) and participate in the establishment of “iAM Smart+” platform, supporting the government to develop Hong Kong as a smart city covering people’s livelihood, such as transportation and healthcare. In addition, the Group launched an inter-institutional academic platform using blockchain technology and enhanced its technical support and application of APP. The Group also supported an enterprise engaging in electronic payment system through our offshore delivery excellence center, providing cross- border payment services in the Greater Bay area and Southeast Asia.

## Intelligent Cybersecurity Services Business

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

In regard to the Intelligent Cybersecurity Services business, the service orders newly secured recorded a growth as compared to corresponding period last year. During the period, service revenue amounted to HK\$105.4 million. The main business growth was due to the ongoing demand from cybersecurity, Security Operation Center and security managed services.

For sector performance, the Group performed well in various sectors. In the aviation sector, the Group implemented a large-scale network installation and data center revamp project during the period. In banking and retail industry, numerous customers adopted our Security Operation Center (SOC) and security managed services. In the first half of 2024, we have been using artificial intelligence (AI) technologies to improve SOC platform for responding and addressing ever-changing network threats and unexpected security incidents in a timely manner.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)**

### **Integrated Managed Services Business**

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

During the period, service orders newly secured in the Integrated Managed Services Business presented growth compared to the corresponding period last year. The service revenue recorded HK\$244.6 million, fueled by market demand for IT Service Management (ITSM) projects, DevSecOps and managed services.

For sector performance, the Group has undertaken large-scale data migration and provided day-to-day information technology operations services in certain sectors. This included migrating a mission-critical system for an entertainment organization, which was a project of significant scale and complexity. This showcased the Group's services integration capabilities and deep understanding of customer's business operations. In the first half of 2024, the Group has been implementing a private cloud services expansion project, providing Infrastructure as-a-Service.

### **Established “Center of Excellence ” and Promoting ITAI Products**

In view of the Chinese government's strategy to promote ITAI, the Group has established a “Center of Excellence”. This center aims at promoting the integration and innovative application of IT products from mainland China and the rest of the world, in order to better serve customers in Hong Kong and the Greater Bay area. The Group currently has the support of over 70 world-class IT vendors and over 30 ITAI vendors. The scale of this center is industry leading.

### **Sector-focus Strategies and Expansion in the Greater Bay Area**

The Group has kept meeting the demands of various sectors and providing better applications to its customers. During the period, the Group has actively participate in activities within our competitive sectors with an aim to enhance brand awareness of the Group and keep its customers abreast of the latest technology trend of the sectors, for instance, promoting digital finance across the Greater Bay area to financial sector and introducing innovative applications and integrated practices of technologies in China, such as Large Language Model (LLM) to governmental departments.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Business of Associates

Grid Dynamics Holdings, Inc. ("GDH," NASDAQ ticker symbol: GDYN), an associate with business in Europe and the U.S., has significantly enhanced its artificial intelligence capabilities, and now have approximately 30 customized solutions and service offerings targeting Fortune 500 companies across various industries.

According to Form 10-Q for the six months ended 30th June 2024 of GDH published on the U.S. Securities and Exchange Commission website, the total revenue of GDH for the first half reached US\$162.9 million (equivalent to approximately HK\$1,271.6 million), while non-GAAP EBITDA of US\$22.0 million (equivalent to approximately HK\$172.0 million). As of 30th June 2024, GDH's revenue from the retail, technology, media, and telecommunications sectors accounted for nearly 60.6% of its total revenue.

i-Sprint Holdings Limited and its subsidiaries (collectively "i-Sprint"), one of the major associates in Asia Pacific, implemented various initiatives such as optimizing management, deepening relationships with key customers, replicating successful cases, which drove revenue and EBITDA to reach HK\$68.7 million and HK\$15.8 million respectively. In addition, besides the patented cloud product technology of AccessReal being recognized in Singapore, U.S., China, Japan and other places, i-Sprint's Universal Authentication Server (UAS) has obtained FIDO2 certification, an important standard that ensures online security. Also, i-Sprint received numerous awards for its achievement in cybersecurity, further elevating the position of i-Sprint in the industry.

### Outlook and Prospects

In the second half of 2024, Hong Kong is facing multiple challenges, such as talent drain, geopolitical risks and cautious corporate spending. In the IT industry, the group also faces challenges such as foreign divestment and capital deluge from China. In addition to these challenges, the Group will closely monitor the impact of the 2024 United States presidential election on the U.S.-China relationship and the global economy, and actively explore new opportunities to overcome such challenges.

Facing the influx of Chinese vendors into the market, the Group has accelerated the building of a Chinese brand ecosystem, establishing cooperative partnership with them to jointly develop the market. In the first half of 2024, the Group established a Center of Excellence which has obtained professional certification from mainland ITAI companies, ensuring compatibility and performance reliability of ITAI's software and hardware, minimizing operational issues and offering the optimized product portfolio. Customers no longer need to build their own testing environment, which can accelerate technological applications, reduce costs, and speed up project progress. In the second half of the year, the Group has received benchmark project from the disciplinary forces, which is related to the provision of large-scale human resources management system by utilizing a China technological product portfolio, demonstrating a successful example and experience.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In addition, the Group is planning to set up an offshore development center at the west bank of the Pearl River Estuary to undertake software development tasks from Hong Kong, Macau and overseas. The center is equipped with a remote, omni-channel, 7x24 managed services support system and is expected to open in the third quarter of this year. The managed services of the center forms a new generation service platform with AI-powered functions, providing smarter, automatic, instant, 7x24 and cross-border professional IT support services. Indeed, the Group's omni-channel managed services adopt the Information Technology Infrastructure Library (ITIL) standard, which belongs to the Artificial Intelligence for IT Operations (AIOps). It is equipped with the latest artificial intelligence technologies, which can help identify and solve problems more swiftly.

Looking forward, the Group will continue to elevate its DevSecOps integration capabilities, expand its talent pool through, among others, attracting Mainland talents, and promote its managed services based on the DevSecOps Maturity Model. By leveraging our sector knowledge and familiarity with customer business environments to capitalize on our strengths in customer applications. The Group will focus on developing those sectors with advantages, such as government and banking sectors, and further enhance our capability of pre-sales and after-sales services for such specific sectors, in order to meet the market demands. The Group is committed to becoming a leading Unified Technology Services Partner in the region. We will work hand in hand with customers to build a brighter future. Together, we are Unified for Success!

### Financial Resources and Liquidity

As at 30th June 2024, the Group's total assets of HK\$3,227.4 million were financed by current liabilities of HK\$867.6 million, non-current liabilities of HK\$175.5 million and equity attributable to equity holders of the Company of HK\$2,184.3 million. The Group had a working capital ratio of approximately 1.83:1.

As at 30th June 2024, the Group had an aggregate composite banking facility from banks of approximately HK\$215.3 million (31st December 2023: HK\$226.6 million). All bank borrowings are fully repaid during the six months ended 30th June 2024. As at 31st December 2023, the Group had pledged land and buildings with carrying amount of approximately HK\$156.0 million and pledged investment properties with carrying amount of HK\$50.8 million to secure Group's bank borrowings. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$106.0 million as at 30th June 2024 (31st December 2023: HK\$126.8 million). The Group's gearing ratio (total borrowings over equity attributable to equity holders of the Company) was 0.0% as at 30th June 2024 (31st December 2023: 0.5%).

### Material Acquisition and Disposal

During the six months ended 30th June 2024, neither the Company nor any of its subsidiaries had material acquisition or disposal.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)**

### **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 2024 (six months ended 30th June 2023: same).

### **Contingent Liabilities**

As at 30th June 2024, performance bonds of approximately HK\$106.0 million (31st December 2023: HK\$126.8 million) have been issued by the bank on behalf of the Group to customers as security of contracts.

### **Capital Commitments**

As at 30th June 2024, the Group had contracted capital commitment in respect of property, plant and equipment of approximately HK\$0.7 million (31st December 2023: HK\$0.4 million).

### **Employee and Remuneration Policies**

As at 30th June 2024, the Group, excluding its associates, employed 1,458 permanent and contract staff (30th June 2023: 1,499 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.

## ADDITIONAL INFORMATION

### Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2024 (six months ended 30th June 2023: Nil).

### Disclosure of Interests

#### Directors' Interests in Shares and Underlying Shares

As at 30th June 2024, 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 required to be 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) 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 C3 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' and Chief Executives' 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%
	Zhang Bingxia	250,000	-	-	-	250,000	0.02%
Grid Dynamics Holdings, Inc. ("GDH")	Wang Weihang	30,954 <sup>1</sup>	-	-	-	30,954	0.04%
	Wang Yueou	30,954 <sup>1</sup>	-	-	-	30,954	0.04%

## ADDITIONAL INFORMATION (Cont'd)

### Disclosure of Interests (Cont'd)

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

##### (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 <sup>2</sup>	-	-	-	4,620,000	0.55%
GDH	Wang Yueou	42,397 <sup>3</sup>	-	-	-	42,397	0.06%

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. Stock options to subscribe for shares of common stock of GDH under the equity incentive plan of GDH effective on 4th March 2020.

Save as disclosed above, as at 30th June 2024, 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 2024, 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 <sup>1</sup>	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 2024, 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.

## **ADDITIONAL INFORMATION (Cont'd)**

### **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).

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. 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 2024 and 30th June 2024 is 17,543,435, representing 2.1% of total number of issued shares of the Company as at the date of this report.



## **ADDITIONAL INFORMATION (Cont'd)**

### **Share Schemes (Cont'd)**

#### **A. 2017 Share Option Scheme (Cont'd)**

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 and the total number of shares issued and to be issued upon exercise of the options granted to a substantial shareholder of the Company or an Independent Non-Executive Director, or any of their respective associates (including both exercised and outstanding options) in any 12-month period must not exceed 0.1% of the total number of shares of the Company in issue and with an aggregate value in excess of HK\$5 million.

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.

## 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\$	At 1st January 2024	Number of share options					At 30th June 2024
					Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Adjusted during the period	
<b>Directors</b>										
Wang Yueou	31.3.2017	(Note 1)	0.970	4,620,000	-	-	-	-	-	4,620,000
<b>Other Employees</b>										
	31.3.2017	(Note 1)	0.970	10,212,125	-	-	-	-	-	10,212,125
	28.4.2017	(Note 1)	0.909	7,260,000	-	-	-	-	-	7,260,000
	13.12.2017	(Note 1)	0.867	503,400	-	-	(158,400)	-	-	345,000
<b>Total</b>				22,595,525	-	-	(158,400)	-	-	22,437,125

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%
28.4.2017	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 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 2024, 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.
- On 4th September 2024, a special general meeting was held at which two ordinary resolutions were passed to approve (1) the adoption of the Amended Share Option Scheme; and (2) the adoption of the New Share Scheme. Further details of (1) the Amended Share Option Scheme and (2) the New Share Scheme were disclosed in the circular of the Company dated 15th August 2024. Save for the aforesaid changes, there are no other changes to the Share Schemes.

## **ADDITIONAL INFORMATION (Cont'd)**

### **Purchase, Sale or Redemption of Listed Securities**

During the six months ended 30th June 2024, 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**

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **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 C3 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 2024, 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 set out in Appendix C1 to the Listing Rules throughout the six months ended 30th June 2024.

*As at 21st August 2024, 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.*