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AUTOMATED

AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

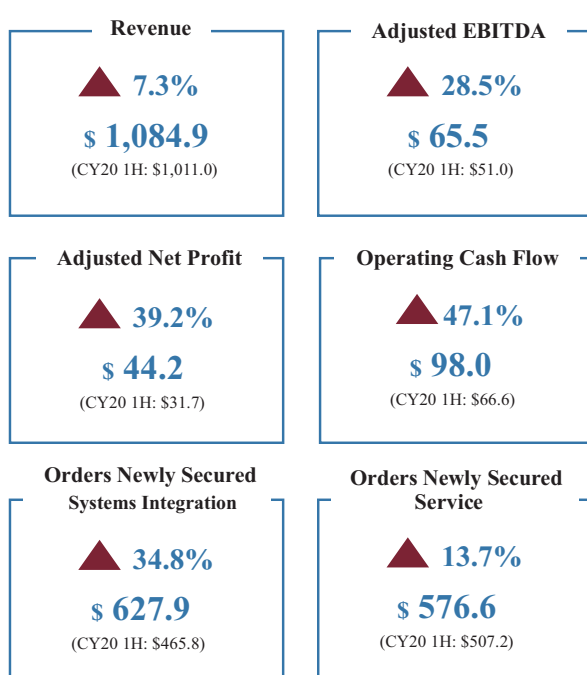
(Stock Code: 771)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2021

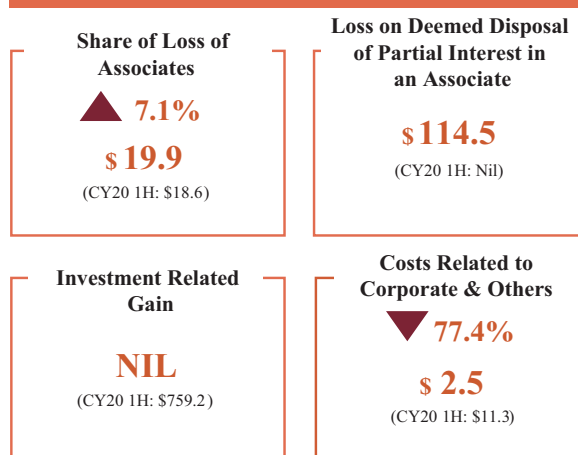
GROUP PERFORMANCE OVERVIEW

(HK\$ million)

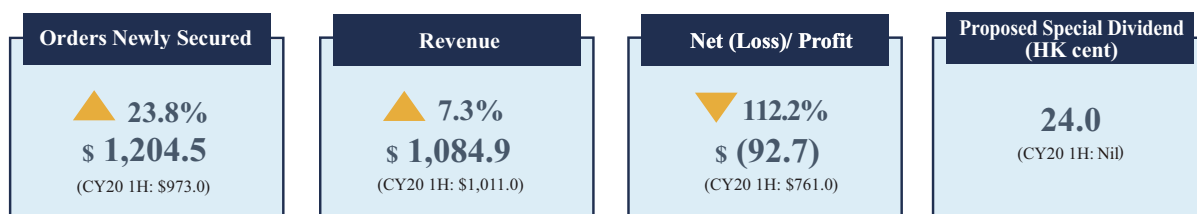
PERFORMANCE OF CORE BUSINESS



PERFORMANCE OF NON-OPERATING ITEMS



ASL GROUP CONSOLIDATION



Adjusted EBITDA: Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortizations (Adjusted EBITDA) is calculated based on (loss)/profit for the period from operations in Asia Pacific excluding interest income and expenses, tax, depreciation, equity-settled share-based payments expense, share of results of associates, gain on disposal of a subsidiary, loss on deemed disposal of partial interests in an associate, waiver of intercompany balances with disposed subsidiary and one-off professional fees.

Adjusted Net Profit: Adjusted Net Profit is calculated based on (loss)/profit for the period from operations in Asia Pacific excluding overseas withholding tax, interest income and expenses, equity-settled share-based payments expense, share of results of associates, gain on disposal of a subsidiary, loss on deemed disposal of partial interests in an associate, waiver of intercompany balances with disposed subsidiary, one-off professional fees and tax impacts of these adjustments.

Investment Related Gain: Mainly represent the gain on disposal of a subsidiary and overseas withholding tax.

Costs Related to Corporate and Others: Mainly represent the one-off professional fees and finance costs.

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

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

CY20 1H: Representing the first six months of calendar year 2020.

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 2021. 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	
		2021	2020
	Notes	HK\$'000	HK\$'000
Continuing operations			
Revenue	3	1,084,881	1,011,032
Cost of goods sold		(533,735)	(486,291)
Cost of services rendered		(433,811)	(420,886)
Other income	4	2,079	3,063
Other loss, net	5	(114,601)	(3,121)
Selling expenses		(40,177)	(39,440)
Administrative expenses		(25,864)	(28,584)
Finance income	6	154	178
Finance costs		(2,211)	(6,050)
Share of results of associates		(19,911)	(18,592)
(Loss)/Profit before income tax	7	(83,196)	11,309
Income tax expense	8	(9,534)	(20,918)
Loss for the period from continuing operations		(92,730)	(9,609)
Discontinued operations			
Profit for the period from discontinued operations	9(a)	—	770,654
(Loss)/Profit for the period		(92,730)	761,045

Condensed Consolidated Statement of Profit or Loss (Continued)

		Unaudited	
		Six months ended	
		30th June	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit for the period attributable to equity holders of the Company:			
— From continuing operations		(92,730)	(9,609)
— From discontinued operations		<u>—</u>	<u>770,810</u>
		<u>(92,730)</u>	<u>761,201</u>
Loss for the period attributable to non-controlling interests:			
— From discontinued operations		<u>—</u>	<u>(156)</u>
(Loss)/Profit for the period		<u><u>(92,730)</u></u>	<u><u>761,045</u></u>
		Unaudited	
		Six months ended	
		30th June	
		2021	2020
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share attributable to equity holders of the Company:	<i>11</i>		
From continuing and discontinued operations			
— Basic and diluted		<u>(11.15)</u>	<u>92.01</u>
From continuing operations			
— Basic and diluted		<u>(11.15)</u>	<u>(1.16)</u>
From discontinued operations			
— Basic and diluted		<u>—</u>	<u>93.17</u>

Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended	
	30th June	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/Profit for the period	(92,730)	761,045
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	(54)	(4,194)
Release of translation reserve upon disposal of subsidiaries	—	3,413
Share of other comprehensive loss of associates	(629)	(972)
	<u>(93,413)</u>	<u>759,292</u>
Total comprehensive (loss)/income for the period	(93,413)	759,292
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(93,413)	759,448
Non-controlling interests	—	(156)
	<u>(93,413)</u>	<u>759,292</u>

Condensed Consolidated Statement of Financial Position

		Unaudited 30th June 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>12</i>	295,872	297,711
Investment properties	<i>13</i>	54,300	54,300
Intangible assets		—	—
Interests in associates	<i>14</i>	1,232,953	1,769,196
Equity investment		598	598
Finance lease receivables		3,110	4,208
Deferred income tax assets		809	513
		<u>1,587,642</u>	<u>2,126,526</u>
CURRENT ASSETS			
Inventories		217,527	212,725
Trade receivables	<i>15</i>	162,858	240,472
Finance lease receivables		2,370	2,779
Other receivables, deposits and prepayments	<i>16</i>	25,402	18,032
Contract assets		228,465	269,003
Tax recoverable		7,865	7,939
Bank balances and cash		377,918	370,521
		<u>1,022,405</u>	<u>1,121,471</u>
Assets classified as held for sale		<u>403,095</u>	—
		<u>1,425,500</u>	<u>1,121,471</u>
TOTAL ASSETS		<u>3,013,142</u>	<u>3,247,997</u>

Condensed Consolidated Statement of Financial Position (Continued)

		Unaudited	Audited
		30th June	31st December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		83,242	83,031
Share premium		401,714	399,272
Reserves		<u>1,592,652</u>	<u>1,711,490</u>
TOTAL EQUITY		<u>2,077,608</u>	<u>2,193,793</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		168,240	203,886
Lease liabilities		<u>4,037</u>	<u>1,175</u>
		<u>172,277</u>	<u>205,061</u>
CURRENT LIABILITIES			
Trade payables	17	243,156	282,557
Other payables and accruals	18	118,512	171,511
Receipts in advance		226,287	239,629
Current income tax liabilities		10,434	4,247
Borrowings	19	123,516	145,938
Lease liabilities		<u>5,082</u>	<u>5,261</u>
		<u>726,987</u>	<u>849,143</u>
Liabilities classified as held for sale		<u>36,270</u>	<u>—</u>
		<u>763,257</u>	<u>849,143</u>
TOTAL LIABILITIES		<u>935,534</u>	<u>1,054,204</u>
TOTAL EQUITY AND LIABILITIES		<u>3,013,142</u>	<u>3,247,997</u>
NET CURRENT ASSETS		<u>662,243</u>	<u>272,328</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,249,885</u>	<u>2,398,854</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim financial information for the six months ended 30th June 2021 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 should be read in conjunction with the consolidated financial statements of the Group for the year ended 31st December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Amended HKFRSs that are effective for annual periods beginning from 1st January 2021

The interim financial information for the six months ended 30th June 2021 have been prepared in accordance with the accounting policies adopted in the consolidated financial statements for the year ended 31st December 2020, except for the adoption of the following amended HKFRSs which are effective for the period beginning from 1st January 2021.

Amendments to HKFRS 16

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Covid-19 — Related Rent Concessions

*Interest Rate Benchmark Reform —
Phase 2*

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.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue is analysed as follows:

	Unaudited	
	Six months ended	
	30th June	
	2021	2020
	HK\$'000	HK\$'000
Continuing operations		
Sales of goods	604,089	543,133
Revenue from service contracts	480,792	467,899
	<u>1,084,881</u>	<u>1,011,032</u>

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

The Group is currently organised into two (six months ended 30th June 2020: 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.

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

Unaudited

Six months ended 30th June 2021

	Continuing operations			Discontinued operations
	IT Products	IT Services	Total	IT Services
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	604,089	480,792	1,084,881	—
Intersegment revenue	1,526	10,469	11,995	—
Segment revenue	<u>605,615</u>	<u>491,261</u>	<u>1,096,876</u>	—
Reportable segment profit	51,364	26,048	77,412	—
Segment depreciation	1,284	4,791	6,075	—
Additions to property, plant and equipment*	<u>25</u>	<u>3,115</u>	<u>3,140</u>	—

* Additions to property, plant and equipment of HK\$6,460,000 were related to unallocated assets.

3. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's revenue and results by operating segments for the period under review are presented below (Continued):

Unaudited

Six months ended 30th June 2020

	Continuing operations			Discontinued operations
	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>	IT Services <i>HK\$'000</i>
Revenue from external customers	543,133	467,899	1,011,032	166,610
Intersegment revenue	975	11,560	12,535	—
Segment revenue	544,108	479,459	1,023,567	166,610
Reportable segment profit	38,729	26,055	64,784	8,649
Segment depreciation	1,258	4,498	5,756	1,622
Segment amortisation	—	—	—	2,364
Additions to property, plant and equipment*	12	3,612	3,624	1,852
Additions to intangible asset	—	—	—	3,587

* Additions to property, plant and equipment of HK\$7,816,000 were related to unallocated assets.

The Group's assets and liabilities by operating segments for the period under review are presented below:

Unaudited

As at 30th June 2021

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	321,716	303,324	625,040
Reportable segment liabilities	313,482	204,049	517,531

Audited

As at 31st December 2020

	IT Products <i>HK\$'000</i>	IT Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	368,092	368,137	736,229
Reportable segment liabilities	408,428	201,573	610,001

(a) Segment accounting policies

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

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

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

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 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
Assets		
Reportable segment assets	625,040	736,229
Unallocated assets:		
Interests in associates	1,232,953	1,769,196
Deferred income tax assets	809	513
Tax recoverable	7,865	7,939
Bank balances and cash	377,918	370,521
Unallocated corporate assets	365,462	363,599
	<u>2,610,047</u>	<u>3,247,997</u>
Assets classified as held for sale	403,095	—
	<u>3,013,142</u>	<u>3,247,997</u>
	Unaudited 30th June 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	517,531	610,001
Unallocated liabilities:		
Current income tax liabilities	10,434	4,247
Deferred income tax liabilities	168,240	203,886
Unallocated corporate liabilities	203,059	236,070
	<u>899,264</u>	<u>1,054,204</u>
Liabilities classified as held for sale	36,270	—
	<u>935,534</u>	<u>1,054,204</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

Place of domicile	Revenue from external customers			
	Unaudited			
	Six months ended			
	30th June			
	Continuing operations		Discontinued operations	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,031,628	925,621	—	—
United States of America ("US")	—	—	—	166,610
Mainland China	1,520	1,769	—	—
Macau	17,097	27,733	—	—
Taiwan	7,610	5,907	—	—
Thailand	27,026	50,002	—	—
	<u>1,084,881</u>	<u>1,011,032</u>	<u>—</u>	<u>166,610</u>

Information about major customers from continuing operations

The Group has two customers (six months ended 30th June 2020: one customer) with whom transaction exceeded 10% of the Group's revenue from continuing operations amounted to approximately HK\$252,280,000 during the six months ended 30th June 2021 (six months ended 30th June 2020: HK\$136,735,000).

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

Place of domicile	Specified non-current assets	
	Unaudited	Audited
	30th June 2021	31st December 2020
	HK\$'000	HK\$'000
Hong Kong	344,135	349,294
US	1,213,493	1,749,392
Singapore	18,750	19,055
Mainland China	4,789	805
Macau	1,452	1,797
Taiwan	322	556
Thailand	184	308
	<u>1,583,125</u>	<u>2,121,207</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:

	Unaudited Six months ended 30th June			
	Continuing operations		Discontinued operations	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Timing of revenue recognition				
At a point in time	679,444	628,975	—	—
Over time	405,437	382,057	—	166,610
Revenue from external customers	<u>1,084,881</u>	<u>1,011,032</u>	<u>—</u>	<u>166,610</u>

Revenue relates to performance obligation for continuing operations that are unsatisfied as at 30th June 2021 amounted to approximately HK\$1,138,954,000 (As at 30th June 2020: HK\$1,073,519,000) are expected to be recognised with one to five years.

4. OTHER INCOME

	Unaudited Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest on bank deposits	27	367
Rental income from investment properties	1,227	2,121
Others	825	575
	<u>2,079</u>	<u>3,063</u>

5. OTHER LOSS, NET

	Unaudited Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Loss on deemed disposal of partial interests in an associate	114,463	—
Exchange loss, net	138	2,088
Waiver of intercompany balances from Disposal group	—	1,033
	<u>114,601</u>	<u>3,121</u>

6. FINANCE INCOME

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment — owned assets	8,084	8,010
Property, plant and equipment — right-of-use assets	3,374	2,874
ECL allowance of trade receivables	339	1,509
Reversal of provision for ECL allowance of trade receivables	(522)	(1)
Staff costs	<u>233,289</u>	<u>220,684</u>

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Current taxation:		
Hong Kong profits tax (<i>Note (i)</i>)	9,157	6,573
Overseas taxation	245	626
Overseas withholding tax (<i>Note (ii)</i>)	—	13,117
	<u>9,402</u>	<u>20,316</u>
Deferred taxation:		
Current period	<u>132</u>	<u>602</u>
Income tax expense	<u><u>9,534</u></u>	<u><u>20,918</u></u>

Notes:

- (i) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the six months ended 30th June 2021 and 2020, Hong Kong profits tax of a subsidiary of the Company is calculated in accordance with the two-tiered profits tax rates regime.
- (ii) Pursuant to the US Foreign Account Tax Compliance Act, a tax law enacted in the US, a 30% withholding tax is levied on interest income received by a non-US resident from a US resident. The Group is liable to withholding tax on the interest income received in cash by a non-US subsidiary from the US subsidiary during the six months ended 30th June 2020.

9. DISCONTINUED OPERATIONS

On 13th November 2019, the Company, Grid Dynamics International, Inc. (“Grid Dynamics”), ChaSerg Technology Acquisition Corp. (“ChaSerg”), CS Merger Sub 1 Inc. (“Merger Sub 1”) and CS Merger Sub 2 LLC (“Merger Sub 2”) entered into a conditional merger agreement (the “Merger Agreement”). The transactions contemplated under the Merger Agreement involve the acquisition of Grid Dynamics by ChaSerg, a special purpose acquisition company the shares of which are listed on The NASDAQ Stock Market LLC (“Nasdaq”) through the two-step mergers between Grid Dynamics and the wholly-owned subsidiaries of ChaSerg, Merger Sub 1 and Merger Sub 2 (the “Mergers”). The Mergers are effectively an injection of Grid Dynamics in exchange for cash and equity interests in ChaSerg and thereby effecting the separate listing of Grid Dynamics on Nasdaq.

On 5th March 2020, all the conditions precedent set out in the Merger Agreement have been fulfilled in accordance with the terms of the Merger Agreement (the “Completion”). Upon Completion, Grid Dynamics and its subsidiaries (the “Disposal Group”) become wholly-owned subsidiaries of Grid Dynamics Holdings, Inc. (“GDH”, formerly ChaSerg) (ticker symbol: GDYN). In connection with the Mergers, the Company through its wholly-owned subsidiary, GDD International Holding Company (“GDD”) received cash consideration of approximately US\$93,820,000 (equivalent to approximately HK\$727,507,000) and 19,490,295 consideration shares of GDH, which represents approximately 38.3% of the issued share capital of GDH as at the date of Completion (the “Completion Date”). Accordingly, Grid Dynamics ceased to be a subsidiary of the Group (the “Disposal”) and the Group’s interest in GDH is treated as interests in an associate and accounted for using equity method.

Details of the Merger are set out in the circular of the Company dated 31st December 2019 and the announcement of the Company dated 8th March 2020.

The Disposal Group represents a significant geographical component of the Group’s IT service segment, the results of the Disposal Group for the period from 1st January 2020 to the Completion Date are presented for as discontinued operations in the condensed consolidated statement of profit or loss for the six months ended 30th June 2020.

9. DISCONTINUED OPERATIONS (Continued)

(a) Analysis of results from discontinued operations

The results of the discontinued operations included in the condensed consolidated statement of profit or loss and the cash flows are set out below.

(i) Profit for the period from discontinued operations:

	Unaudited Period from 1st January 2020 to 5th March 2020 HK\$'000
Revenue	166,610
Cost of services rendered	(121,503)
Other income	615
Other loss, net	(381)
Selling expenses	(20,185)
Administrative expenses	(44,916)
Finance costs	(8)
	<hr/>
Loss before income tax	(19,768)
Income tax credit	18,147
	<hr/>
Loss for the period	(1,621)
Gain on disposal of the Disposal Group	1,109,585
Current income tax expense arising from the Disposal (Note (a))	(154,432)
Deferred tax expense arising from the Disposal (Note (b))	(182,878)
	<hr/>
Profit for the period from discontinued operations	<u>770,654</u>

Notes:

- (a) Current income tax expense arising from the Disposal of HK\$154,432,000 relates to US tax on assessable profit of GDD which includes the cash consideration of HK\$727,507,000. Such tax is calculated based on US federal tax rate at 21% and various US states tax at an average tax rate of 6%.
- (b) Deferred tax expense arising from the Disposal of approximately HK\$182,878,000 relates to the deferred capital gain on the consideration shares received from the Disposal.

9. DISCONTINUED OPERATIONS (Continued)

(a) Analysis of results from discontinued operations (Continued)

(ii) Cash flows for the period from discontinued operations:

	Unaudited Period from 1st January 2020 to 5th March 2020 HK\$ '000
Net cash inflow from operating activities	2,562
Net cash outflow from investing activities	(5,122)
Net cash outflow from financing activities	(99)
	<hr/>
Net cash outflow	<u>(2,659)</u>

(b) Loss before income tax from discontinued operations

	Unaudited Period from 1st January 2020 to 5th March 2020 HK\$ '000
Loss before income tax is arrived at after charging:	
Depreciation and amortisation:	
Property, plant and equipment — owned assets	1,622
Property, plant and equipment — right-of-use assets	91
Intangible assets (included in cost of services rendered)	2,364
Staff salaries and other benefits	124,388
Equity-settled share-based expenses	10,848
Staff retention bonus	26,073
	<hr/> <u>26,073</u>

10. DIVIDENDS

	Unaudited Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
Dividend approved and paid during the period:		
Final dividend in respect of the year ended 31st December 2020 of 3.0 HK cents (six months ended 30th June 2020: in respect of the year ended 31st December 2019 of 3.0 HK cents) per share	24,973	24,819
Special dividend of 7.3 HK cents per share	<hr/> —	<hr/> 60,394
	<u>24,973</u>	<u>85,213</u>

	Unaudited Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
Dividend proposed:		
Special dividend of 24.0 HK cents per share (Note)	<u>199,781</u>	<u>—</u>

The Board do not recommend the payment of an interim dividend for the six months ended 30th June 2021 (six months ended 30th June 2020: Nil).

10. DIVIDENDS (Continued)

On 25th August 2021, the Board have resolved to recommend the payment of a special dividend of 24.0 HK cents per share. Subject to the approval of shareholders at a special general meeting, the proposed special dividend is expected to be paid on or before 19th October 2021 to shareholders whose names appear on the register of members of the Company on 29th September 2021.

Note:

The proposed special dividend, as referred to above, is calculated on the basis of 832,419,442 ordinary shares in issue as at 30th June 2021 and at a special dividend of 24.0 HK cents per share.

11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

	Unaudited Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/Profit attributable to equity holders of the Company		
— From continuing operations	(92,730)	(9,609)
— From discontinued operations	—	770,810
	<u>(92,730)</u>	<u>761,201</u>
	Number of shares	
	30th June	30th June
	2021	2020
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (<i>Note (a)</i>)	<u>831,676</u>	<u>827,313</u>
	Unaudited Six months ended 30th June	
	2021	2020
	HK cents	HK cents
(Loss)/Earnings per share from continuing and discontinued operations		
— Basic and diluted	<u>(11.15)</u>	<u>92.01</u>
Loss per share from continuing operations		
— Basic and diluted	<u>(11.15)</u>	<u>(1.16)</u>
Earnings per share from discontinued operations		
— Basic and diluted	<u>—</u>	<u>93.17</u>

Notes:

(a) The 831,676,000 ordinary shares are derived from the weighted average number of ordinary shares in issue during the six months ended 30th June 2021.

The 827,313,000 ordinary shares are derived from the weighted average number of ordinary shares in issue during the six months ended 30th June 2020.

(b) The calculation of diluted loss per share from continuing operations for the six months ended 30th June 2021 and 2020 has not taken into account the effect of the share options of the Company and the dilutive instruments issued by the Group's associates (six months ended 30th June 2020: the effect of the share options of the Company, the conversion of convertible bonds issued by the Company and the dilutive instruments issued by the Group's associates) as they are considered as anti-dilutive.

11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Continued)

Notes: (Continued)

- (c) The calculation of diluted earnings per share from discontinued operations for the six months ended 30th June 2020 have not taken into account the effect of share options and convertible preferred shares of the Disposal Group as it was considered anti-dilutive for the six months ended 30th June 2020.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2021, the additions of property, plant and equipment, mainly for computer equipment and right-of-use assets, was approximately HK\$9,600,000 (six months ended 30th June 2020: HK\$13,292,000). Addition of right-of-use assets of approximately HK\$5,739,000 during the six months ended 30th June 2021 mainly included office premises (six months ended 30th June 2020: HK\$7,322,000).

The Group's land and buildings were stated at valuations made at 31st December 2020 less depreciation. The land and buildings were last revalued by an independent professional valuer at 31st December 2020 on market value basis which was determined by reference to market evidence of recent transactions for similar properties. As at 30th June 2021, 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 2021, 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 and amortisation with carrying amount of approximately HK\$32,871,000 (31st December 2020: HK\$33,904,000).

As at 30th June 2021, the Group had pledged land and buildings with carrying amount of approximately HK\$163,555,000 (31st December 2020: HK\$166,700,000) to secure Group's bank borrowings as disclosed in Note 19.

13. INVESTMENT PROPERTIES

The investment properties of the Group were last revalued at 31st December 2020 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 2021, 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 2021, the Group had pledged investment properties with carrying amount of HK\$54,300,000 (31st December 2020: HK\$54,300,000) to secure the Group's bank borrowing as disclosed in Note 19.

14. INTERESTS IN ASSOCIATES

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Listed	1,213,493	1,749,392
Non-listed	19,460	19,804
	<u>1,232,953</u>	<u>1,769,196</u>
	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
At beginning of the period/year	1,769,196	19,625
Acquisition of an associate	—	1,813,591
Deemed disposal of partial interests in associates (<i>Note (i)</i>)	(114,463)	(708)
Share of results of associates	(19,911)	(63,480)
Share of other comprehensive loss of associates	(629)	(57)
Assets classified as held for sale (<i>Note (ii)</i>)	(403,147)	—
Exchange realignment	1,907	225
	<u>1,232,953</u>	<u>1,769,196</u>
At end of the period/year	<u>1,232,953</u>	<u>1,769,196</u>

Notes:

- (i) During the six months ended 30th June 2021, certain restricted stock units granted by GDH to its employees were vested and certain employees/warrants holders had exercised the vested stock options/warrants of GDH. As a result, the Group's interest in GDH was diluted to 35.6% as at 30th June 2021, of which include those interests that were classified as held for sale, and an aggregate loss on deemed disposal of interests in associates of HK\$114,463,000 was recognised by the Group.
- (ii) During the six months ended 30th June 2021, the Group entered into an underwriting agreement with GDH, the other selling stockholders and the underwriters. Pursuant to which, among other things, the Group and the other selling stockholders agreed to transfer to the underwriters, and the underwriters agreed to receive and hold from the selling stockholders, among which 4,800,000 GDH shares are sold by the Group, which represents approximately 8.8% of the issued shares of GDH. Accordingly, the 4,800,000 GDH shares with carrying amount of approximately HK\$403,147,000 were reclassified from interests in associates to assets classified as held for sale and the corresponding deferred income tax liabilities of approximately HK\$36,270,000 were reclassified from deferred income tax liabilities to liabilities classified as held for sale. The disposal was completed on 6th July 2021.

15. TRADE RECEIVABLES

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

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Trade receivables — gross	170,323	248,118
Less: ECL allowance	<u>(7,465)</u>	<u>(7,646)</u>
Trade receivables — net	<u>162,858</u>	<u>240,472</u>

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

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
0 — 30 days	87,057	117,368
31 — 60 days	35,178	59,886
61 — 90 days	15,749	27,643
Over 90 days	<u>32,339</u>	<u>43,221</u>
	<u>170,323</u>	<u>248,118</u>

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Other receivables	2,419	2,538
Deposits	4,961	5,948
Prepayments	15,152	8,313
Amount due from ultimate holding company	832	832
Amount due from immediate holding company	—	1,084
Amount due from a fellow subsidiary	179	—
Amounts due from associates	<u>2,691</u>	<u>149</u>
Other receivables, deposits and prepayments — gross	26,234	18,864
Less: ECL allowance	<u>(832)</u>	<u>(832)</u>
Other receivables, deposits and prepayments — net	<u>25,402</u>	<u>18,032</u>

17. TRADE PAYABLES

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

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Current	170,454	192,406
Within 30 days	45,300	67,950
31 — 60 days	11,508	6,938
61 — 90 days	2,255	2,199
Over 90 days	13,639	13,064
	<u>243,156</u>	<u>282,557</u>

18. OTHER PAYABLES AND ACCRUALS

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Other payables	5,852	7,595
Accruals	111,289	162,258
Amount due to ultimate holding company	1,258	1,250
Amounts due to associates	73	408
Amount due to a fellow subsidiary	40	—
	<u>118,512</u>	<u>171,511</u>

19. BORROWINGS

	Unaudited 30th June 2021 HK\$'000	Audited 31st December 2020 HK\$'000
Secured bank borrowings — repayable within one year or on demand	<u>123,516</u>	<u>145,938</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 2.77% (31st December 2020: 4.11%) per annum as at 30th June 2021.

19. BORROWINGS *(Continued)*

As at 30th June 2021, 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\$163,555,000 (31st December 2020: HK\$166,700,000) (Note 12);
- (2) the legal charges over the Group's investment properties with carrying amount of HK\$54,300,000 (31st December 2020: HK\$54,300,000) (Note 13);
- (3) the guarantee given by the Company and certain subsidiaries of the Group up to a limit of HK\$330,000,000 (31st December 2020: 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 2021 and 31st December 2020.

20. EVENTS AFTER THE REPORTING PERIOD

On 6th July, 2021, the Group's associate, GDH, closed a public offering of 11,615,301 shares of its common stock, which included 5,470,039 shares offered by GDH and 6,145,262 shares offered by certain selling stockholders, of which 4,800,000 shares were offered by a subsidiary of the Group, at a price to the public of US\$15.03 per share. Upon the completion of the transactions, the Group's interests in GDH was further reduced to 24.4%.

DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30th June 2021 (six months ended 30th June 2020: Nil).

The Directors have resolved to recommend the payment of a special dividend of 24.0 HK cents per share. Subject to the approval of shareholders at a special general meeting, the proposed special dividend is expected to be paid on or before 19th October 2021 to shareholders whose names appear on the register of members of the Company on 29th September 2021. (2020: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June 2021, total revenue of the Group's was HK\$1,084.9 million, representing a 7.3% increase from the corresponding period last year, in which product sales was increased by 11.2% to HK\$604.1 million and service revenue was increased by 2.8% to HK\$480.8 million. In addition, product sales and service revenue contributed 55.7% and 44.3% to total revenue respectively, compared to 53.7% and 46.3% for the corresponding period last year.

For the six months ended 30th June 2021, commercial and public sector sales contributed 41.5% and 58.5% to total revenue respectively, compared to 42.8% and 57.2% for the corresponding period last year.

Gross profit for the six months ended 30th June 2021 was HK\$117.3 million, an increase of HK\$13.5 million or 13.0% compared with the same period last year. The increases are mainly attributable to growth in newly secured orders in Hong Kong, Macau and other Asia Pacific regions, as compared to last year, demonstrating the solid foundation of the Group amid the pandemic.

During the period under review, the Group recorded a loss attributable to the Company's equity holders of HK\$92.7 million. The loss was mainly resulted from loss on deemed disposal of partial interest in an associate of HK\$114.5 million. The Group's interest in Grid Dynamics Holdings, Inc. ("GDH") was diluted by the exercise of GDH's warrants and stock options and vesting of shares under GDH's incentive plan adopted after the spin-off and listing.

For the six months ended 30th June 2021, orders newly secured by the Group amounted to approximately HK\$1,204.5 million, representing a 23.8% increase from the corresponding period last year. As at 30th June 2021, the Group's order book balance was approximately HK\$1,139.0 million. The Group's net cash stood at approximately HK\$377.9 million with a working capital ratio of 1.87:1. The Group maintained a healthy financial position. As at 30th June 2021, the outstanding borrowings amounted to HK\$123.5 million.

Overall Business Review

In the first half of 2021, under the impact brought by the pandemic, the Group's core businesses still achieved sustainable and stable growth. The significant increase in orders newly secured in Hong Kong and other Asia Pacific regions led to an increase in the adjusted EBITDA by approximately 28.5% compared with last year.

As one of the core businesses of the Group, the Asia Pacific region (including Hong Kong and its Asia Pacific subsidiaries outside of Hong Kong) performed better than that of the same period last year, with orders newly secured, revenue, adjusted EBITDA and adjusted net profit recorded HK\$1,204.5 million, HK\$1,084.9 million, HK\$65.5 million and HK\$44.2 million respectively, representing an increase of 23.8%, 7.3%, 28.5% and 39.2% respectively, from the corresponding period of last year.

The Group's three core businesses in the Asia Pacific region (see detailed descriptions below) were roughly stable compared with the same period of last year. The increase in product orders is particularly prominent, owing to the Group's success in assisting customers with bulk-procurement of infrastructure to meet their long-term service needs.

1. Solutions Business

This business delivered the most outstanding performance when compared to the other two core businesses, with service orders newly secured recording a double-digit growth during the period. Service revenue recorded HK\$172.7 million, with a significant increase of 15.5% compared with the corresponding period of last year.

During the period, the Group has continued to provide information technology ("IT") support to the Hong Kong Government in combatting the pandemic since last year. On the other hand, the Group also successfully secured different projects corresponding to the Smart City Blueprint for Hong Kong. For example, it further helped various government departments join the Hong Kong Government's "iAM Smart" mobile app, assisting the government in building a smart city. At the same time, the Group flexibly leveraged resources from the Offshore Delivery Excellence Center (ODEC) to provide more flexible services to a government bureau. In addition, the Group continued to offer excellent application solutions and robotic process automation (RPA) to assist customers' digital transformation.

2. Cybersecurity Services Business

Service orders newly secured in this business performed steadily compared with the corresponding period last year, with service revenue recorded HK\$61.0 million during the period.

During the period, the Group addressed the cybersecurity needs for diverse complex application scenarios through a variety of new technical solutions, which not only successfully drove turnover, but also attracted many new customers. For instance, it introduced DevSecOps (i.e. comprehensive development (Dev), cybersecurity (Sec) and managed services (Ops)) to one of the largest charitable organizations in Hong Kong, ensuring that its new private cloud services has a full lifecycle Container Security Protection from development to production stages. In addition, the Group had achieved two major breakthroughs. It received a three-year wired and wireless network orders from the largest public healthcare institution in Hong Kong. In terms of the Security Operation Center (SOC) services, it successfully expanded its education industry business to the international school market.

3. *Integrated Managed Services Business*

The service orders newly secured in this business was roughly the same as the corresponding period of last year, with service revenue recorded HK\$210.5 million, a slight decrease of 3.4% compared to last year.

During the period, a significant increase for ITSM managed services was recorded, dominating the overall performance. As for government projects, the Group continued to provide IT services for backing their anti-epidemic efforts and also won a large-scale mobile device management project. In addition, the Group also took a series of measures to enhance service levels, such as expansion of service centers and large-scale personnel training, in order to equip itself with the latest agile ITIL management work model advocated by the market. The Group retains a remarkable talent pool, including those specializing in emerging cloud technologies.

Investment in New Business

In the first half of 2021, the Group continued to fulfill the market demand for DevSecOps, with a focus on adopting cloud computing and new technologies to assist customers in digital transformation. Meanwhile, it actively cooperated with suppliers in various technology fields to create a synergistic ecosystem, and prepared for the launch of a series of cloud-native as-a-Service in the second half of the year, so as to respond to customer demand for efficiency and automation under the new normal, accelerating their digital transformation.

Unified Operation Center (UOC) is the Group's one-stop cloud-based platform for managed services that integrates DevSecOps and provides as-a-Service. The Group continued to optimize UOC with smart and advanced technologies, allowing large and medium-sized enterprises to enjoy more flexible and affordable services when achieving digital transformation. This platform unifies the Company's three core businesses and industry advantages to bring forth DevSecOps for enterprises, with which many inquiries related to the service have been received, testifying to a promising market potential.

Business of Major Associate

GDH, an associate of the Company, has acquired Tacit Knowledge, a Pitney Bowes (NYSE: PBI) owned company in May this year. Tacit Knowledge is a UK-based global consultancy provider of end-to-end digital commerce solutions. The acquisition has fostered GDH's capabilities in digital commerce.

According to Form 10-Q for the quarter period ended 30th June 2021 of GDH published on US Security and Exchange Commission website, GDH's revenue in the first half of the year has reached US\$86.8 million, representing a period-over-period growth of 58.3%. While the Non-GAAP EBITDA for the first half of the year was US\$15.0 million, representing a period-over-period growth of 253.4%. After deducting US\$9.3 million of revenue from the recent Daxx Web Industries B.V. ("Daxx") and Tacit Knowledge acquisitions for the three months ended 30th June 2021, GDH's second quarter revenue reached US\$38.4 million, hitting a record high for GDH. The revenue of GDH's non-retail industry accounted for 75.1% of the revenue for the first half of the year, in which the largest industry sectors — technology, media and telecommunications industries — took up 35.2% of GDH's revenue for the first half of the year, representing a period-over-period growth of 38.4%.

Outlook and Prospects

The volatility of the pandemic, external political situation and economic environment cast uncertainties over the outlook for this year. Besides, the Hong Kong Government faced a fiscal deficit last year and may review its IT budget in tandem with the receding pandemic. In the face of such unforeseeable internal and external environment, the Group will continue to closely monitor the impacts brought by aforementioned developments on customers' procurement behaviours, so as to respond promptly with corresponding measures. Nevertheless, the widespread vaccination may spur sharp rebound for individual severely-hit industries. The Group will strive to strengthen customer relationships to seize opportunities and at the same time make its best efforts to ensure normal post-epidemic operation.

In terms of Asia Pacific business development, the severe shortage of local IT talents has also accelerated customers' demand for IT managed services and as-a-Service. To meet the overheated needs, not only will the Group optimize its internal recruitment structure, but also speed up its pursue of talents from the Greater Bay Area in response to the development positioning and talent policy of Guangdong-Hong Kong-Macao Greater Bay Area. It facilitates talent integration, while augmenting the Group's capability to meet the market demand for agile delivery development. It has been well received from government and commercial customers. In fact, the increased demand for local and offshore app development talents in the first half of this year, attested to the appropriateness of the said strategy.

The epidemic has driven the heightened enterprises' demand for and investment in remote centralized IT management system, which stimulated a new arena for business growth. In view of this, as one of the few service providers that could manage different cloud environments, the Group will harness its DevSecOps integration capabilities and promote one-stop managed services through UOC. Meanwhile, continuous transformation and enhancement, with emphasis on scientific research, will also be adopted. It is expected that the cloud-native as-a-Service will be launched in the second half of the year, coupled with novel promotion platform and methods, bringing a brand-new multi-cloud management experience to customers. Furthermore, the Group has magnified its investment in cybersecurity business in the Greater Bay Area, and plans to upgrade the current SOC in Hong Kong as well as deploy the development of cybersecurity managed services in phases to assist enterprises in the region fulfill regulatory compliance.

Non-Operating Items

Partial to the warrant conversion initiated by GDH and the cost of the incentive plan after listing, the Group recorded certain book loss in consolidated financial statements for the first half of the year.

Besides, on 6th July 2021 (New York time), the Group completed the partial disposal of the shares of GDH (an associate of the Company) and received cash of approximately US\$68.7 million (net of underwriter's commission but before deduction of tax payment and exclusive of other expenses), which is planned to be injected to the Asia Pacific business. The relevant gain from the disposal is expected to be reflected in the second half of the year and offset the aforementioned book impact. In addition, the Group also plans to dispose partial shares in GDH under the disposal mandate of shareholders of the Company, at an appropriate time in the future, to realize the investment for business development.

Financial Resources and Liquidity

As at 30th June 2021, the Group's total assets of HK\$3,013.1 million were financed by current liabilities of HK\$763.3 million, non-current liabilities of HK\$172.3 million and equity attributable to equity holders of the Company of HK\$2,077.6 million. The Group had a working capital ratio of approximately 1.87:1.

As at 30th June 2021, the Group had an aggregate composite banking facility from banks of approximately HK\$369.1 million (31st December 2020: HK\$386.6 million). The Group had pledged land and buildings in an aggregate amount of HK\$163.6 million (31st December 2020: HK\$166.7 million), investment properties with a carrying amount of HK\$54.3 million (31st December 2020: HK\$54.3 million) to secure Group's bank borrowings. The performance bonds issued by the Group to customers as security of contracts were approximately HK\$95.4 million as at 30th June 2021 (31st December 2020: HK\$84.8 million). The Group's gearing ratio (total borrowings over equity attributable to equity holders of the Company) was 5.9% as at 30th June 2021 (31st December 2020: 6.7%).

Material Acquisition and Disposal

References are made to the announcements of the Company dated 27th January 2021, 31st March 2021, 30th June 2021, 2nd July 2021 and 7th July 2021, and the circular of the Company dated 7th May 2021, in relation to, among other matters, major transaction relation to the disposal of shares of GDH and closing of partial disposal of GDH's shares. Unless otherwise stated, capitalized terms used hereinafter shall have the same meanings as those defined in the abovementioned announcements and circular.

Since the lock-up period of GDH common stock held by the Company had been terminated, the Company intended to dispose of GDH Shares to realize its investments in GDH. To allow flexibility in effecting the Future Disposal at appropriate occasions, the Company proposed to seek from its shareholders the Disposal Mandate. The Disposal Mandate constituted a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. By way of written approval by a shareholder, the Disposal Mandate authorising the Board to effect disposal(s) from time to time during the period of 12 months from 31st March 2021 of up to 7,900,000 GDH Shares (subject to adjustments).

On 30th June 2021 (New York time), GDD International Holding Company ("GDD"), a subsidiary of the Group, GDH and the other Selling Stockholders and the Underwriters entered into the Underwriting Agreement whereby GDD agreed, among others, to sell part of its holding shares of GDH to the Underwriters pursuant to the Disposal Mandate. An aggregate of 6,100,262 GDH Shares were sold severally and not jointly by the Selling Stockholders, among which 4,800,000 GDH Shares were sold by GDD (the "Disposal Shares").

The closing of the Disposal Shares took place on 6th July 2021 (New York time) (the "Closing"). After deducting commission paid to the Underwriters, the proceeds received by GDD amount to approximately US\$68.7 million (exclusive of other expenses incurred and related taxes). Immediately following the Closing, the number of GDH Shares held by GDD has decreased from 19,490,295 to 14,690,295. As the Underwriters exercised in full their option to purchase additional shares from GDH, the percentage holding of GDD in GDH has decreased from approximately 35.6% to approximately 24.4% immediately following the Closing. GDH remains as an associate of the Company.

Save as disclosed above, during the six months ended 30th June 2021, 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 2021 (six months ended 30th June 2020: same).

Contingent Liabilities

As at 30th June 2021, performance bonds of approximately HK\$95.4 million (31st December 2020: HK\$84.8 million) had been issued by the bank on behalf of the Group to customers as security of contracts.

Capital Commitments

As at 30th June 2021, the Group had contracted capital commitment of approximately HK\$12.6 million (31st December 2020: HK\$12.3 million).

Employee and Remuneration Policies

As at 30th June 2021, the Group, excluding its associates, employed 1,094 permanent and contract staff 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.

CLOSURE OF REGISTER OF MEMBERS FOR SPECIAL GENERAL MEETING

The Company will convene the special general meeting on Thursday, 23rd September 2021 to approve the proposed special dividend. For determining the entitlement to attend and vote at the special general meeting, the register of members of the Company will be closed from Friday, 17th September 2021 to Thursday, 23rd September 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to determine the entitlement to attend and vote at the special general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 16th September 2021.

CLOSURE OF REGISTER OF MEMBERS FOR THE PROPOSED SPECIAL DIVIDEND

The proposed special dividend is subject to the approval of the Shareholders at a general meeting. The record date for entitlement to the special dividend is Wednesday, 29th September 2021. For determining the entitlement to the special dividend, the register of members of the Company will be closed on Wednesday, 29th September 2021, on which no transfer of shares of the Company will be registered. In order to qualify for the special dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 28th September 2021. The special dividend warrants are expected to be despatched to the qualifying shareholders of the Company on or before Tuesday, 19th October 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June 2021, neither the Company nor any of its subsidiaries 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 2021, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules throughout the accounting period for the six months ended 30th June 2021, except as noted below:

with respect to Code provision E.1.2, Mr. Wang Weihang, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26th May 2021 due to other commitments.

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

Hong Kong, 25th August 2021

As at the date of this announcement, the Board comprises Mr. Wang Weihang and Mr. Wang Yueou being Executive Directors; Mr. Cui Yong being Non-Executive Director; and Mr. Pan Xinrong, Mr. Deng Jianxin and Ms. Or Siu Ching, Rerina being Independent Non-Executive Directors.