ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2021 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Q2 2021 Revenue Exceeded Guidance And Bookings Better Than Expected

Group Performance At a Glance

(in HK$ million)	Q2 2021	QoQ	YoY	1H 2021	HoH	YoY
Bookings[1]	7,322.7 (*US$942.6 million*)	-6.5%	+140.0%	15,150.3 (*US$1.95 billion*)	+84.7%	+100.2%
Revenue[1]	5,177.2 (*US$666.6 million*)	+19.4%	+38.2%	9,514.2 (*US$1.23 billion*)	+19.3%	+41.5%
Gross Margin[1, 2] **(%)**	40.6%	+101 bps	+257 bps	40.1%	+481 bps	+260 bps
Net Profit[1, 2, 3]	732.2	+38.6%	+126.3%	1,260.7	+143.1%	+261.2%
Net Profit Margin[1, 2, 3] **(%)**	14.1%	+196 bps	+551 bps	13.3%	+675 bps	+806 bps

Notes

[1] excluding contribution from Materials Segment, which was deconsolidated and equity accounted since 29 December 2020

[2] excluding one-off items and related tax impacts recorded in Q4 2020

[3] including share of results from Advanced Assembly Materials International Limited (AAMI), a joint-venture, commencing from the beginning of 2021

Highlights for Q2 2021

- Record quarterly revenue of HK$5.18 billion (US$666.6 million)
- Better than expected bookings of HK$7.32 billion (US$942.6 million)
- Strong gross margin improvement of 257 bps YoY and 101 bps QoQ
- Net profit of HK$732.2 million, including share of results from AAMI

Highlights for 1H 2021

- Record half-yearly revenue of HK$9.51 billion (US$1.23 billion)
- Record half-yearly bookings of HK$15.15 billion (US$1.95 billion)
- Sharp gross margin improvement of 260 bps YoY and 481 bps HoH
- Net profit of HK$1.26 billion, including share of results from AAMI
- Interim earnings per share of HK$3.05
- Interim dividend per share of HK$1.30
- Record order backlog of HK$11.54 billion (US$1.49 billion) as of 30 June 2021

Revenue Guidance for Q3 2021

- Q3 2021 revenue guidance range of US$730 million to US$780 million

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2021:

RESULTS

Please note that the results of the Group's former Materials Segment have been deconsolidated since 29 December 2020. Commencing first quarter of 2021, its earnings have been equity accounted for in the Group's performance.

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved revenue amounting to **HK$9.51 billion (US$1.23 billion)** for the six months ended 30 June 2021, an increase of 41.5% versus HK$6.73 billion (US$865.9 million) for the first six months of 2020, and 19.3% versus HK$7.97 billion (US$1.03 billion) for the preceding six months, from continuing operations. The Group's consolidated profit after taxation for the second quarter of 2021 was **HK$732.2 million,** an increase versus profit of HK$323.5 million for second quarter of 2020, and HK$528.4 million the previous quarter, from continuing operations. Basic earnings per share from continuing operations for the second quarter of 2021 was **HK$1.78** (first quarter of 2021: HK$1.27, second quarter of 2020: HK$0.79).

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$1.30 (2020: HK$0.70) per share, payable to shareholders whose names appear on the Register of Members of the Company on 18 August 2021.

For the purpose of determining shareholders' entitlement to the abovementioned interim dividend, the Register of Members of the Company will be closed from 16 August 2021 to 18 August 2021, both days inclusive, during which period no share transfers can be registered. In order to qualify for the abovementioned interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 13 August 2021. The interim dividend will be paid on or about 31 August 2021.

REVIEW

GROUP REVIEW

The review will begin with an update of key highlights shaping the Group's performance for the first half of this year, followed by an analysis of financials for the Group and its Segments, namely, the Semiconductor Solutions Segment ("SEMI") and the SMT Solutions Segment ("SMT").

Superior Operational and Fulfillment Execution

Since the beginning of 2021, the Group has experienced a very strong surge in customer demand in tandem with a brightening global macroeconomic environment, helped in no small part by wider COVID-19 vaccine availability and deployment across many economies. The Group leveraged on its global internal and external manufacturing footprint and well-established supply chain partners to deliver strong operational performance. In this regard, the Group was honoured to receive a distinguished 2020 Supplier Achievement Award for its 'COVID-19 response' from Intel Corporation, a special recognition of the Group's ability to ensure uninterrupted supply to them throughout the pandemic period. This recognition exemplifies the Group's superior operational and fulfilment execution of its delivery commitments to its customers even under adverse situations.

While the Group's global internal and external manufacturing teams were delivering at elevated levels, it also continued to pace its capacity expansion, in particular for external manufacturing, in order to alleviate its record backlog at greater speed. The Group capitalised on its capacity allocation flexibility across its global manufacturing footprint and supply chains in order to minimise any disruptions to delivery schedules in the event of unforeseen situations such as short-term national lockdowns.

The widely-reported semiconductor shortage and supply chain constraints remained a concern for market participants globally. The Group recalibrated its inventory management strategies for certain key electronics and electrical components away from its just-in-time inventory management to a more 'just-in-case' approach (basically, building inventory on-hand) in order to effectively strengthen its supply chain resilience.

Nevertheless, the Group's global manufacturing and supply chain teams continue to closely monitor possible events that may impact delivery. Its well-balanced internal and external manufacturing teams provide greater strategic control and visibility for the Group to address dynamic situations.

Strong Performance from Advanced Packaging ("AP")

The Group has been methodically building up the industry's most comprehensive product portfolio of AP solutions, which support a whole spectrum of customer needs, including 2.5D, 3D-IC, fan-in and fan-out wafer-level packaging and system-in-package ("SiP") tools. Its AP solutions span both SEMI and SMT tools, delivering 'total interconnect solutions' with industry-leading capabilities to its customers who serve in high-end end-user markets like CPU, GPU, XPU and SiP applications.

REVIEW - continued

<u>Strong Performance from Advanced Packaging ("AP") - continued</u>

The Group leverages its deep R&D capabilities to integrate seamlessly into the technology roadmaps of key partners. These include integrated device manufacturers ("IDMs"), leading fabless and foundry companies, high-end memory OEMs, semiconductor production equipment manufacturers (such as Austria's EV Group), and frontier technology companies (such as IBM Research). This collaborative approach creates significant value for the Group's customers and also positions the Group well for both near-term and longer-term AP opportunities.

The Group's AP tools encompass wafer-level mid-end semiconductor processes, wafer dicing and grooving tools, die-level high-accuracy placement tools, and SiP placement tools. Its AP solutions are experiencing a further broadening of their respective customer bases, fuelled by increasing demand from high-end end-user markets and secular growth trends.

Notably, the Group's AP solutions revenue for the last 36 months (2H 2018 to 1H 2021) has crossed the US$1 billion milestone, and Group AP bookings for 1H 2021 are already at more than 80% of FY2020's, a clear demonstration of continued momentum for these solutions through 2021. The Group is confident about continuing to expand its AP contribution in the years ahead. The Group's AP portfolio performance in the last six months is briefly described below.

(i) 'Mid-end' semiconductor process deposition tools encompassing Physical Vapour Deposition ("PVD") and Electrochemical Deposition ("ECD") tools. These tools featured prominently in the capital investments of key IDMs and both leading fabless and foundry companies, with panel-level ECD tools maintaining their dominant market position with Tier-1 high density interconnect substrate suppliers.

(ii) Ultra-precision laser dicing and grooving tools achieved strong HoH growth in bookings.

(iii) Ultra-precision tools with high placement accuracy (2 microns and below) also performed very well.

   a. Thermo Compression Bonding ("TCB") tools achieved a significant milestone in February this year with the delivery of its 250th such tool to customers, representing the broadening of customer demand for TCB solutions supported by accelerated digital transformation and other secular growth trends. The Group is making further investments towards new TCB developments to reinforce its leadership in this space as it believes that TCB solutions will continue to co-exist with hybrid bonding (please refer to (vi) of this section).

   b. Mass transfer bonder and die bonders with ultra-precision placement accuracy also gained traction with customers for Micro LED and silicon photonics applications, respectively.

(iv) Advanced placement tools with placement accuracy (between 2 and 10 microns), including flip chip bonders, captured a good portion of customers' capital investments for capability requirements.

(v) SMT SiP placement tools experienced strong demand driven by the capability expansion plans of customers.

(vi) Hybrid bonding is an emerging AP technology that the Group is devoting significant investment in order to realise its full potential. The Group's hybrid bonding development roadmap is progressing well and on track for delivery at the end of this year.

REVIEW - continued

GROUP FINANCIAL REVIEW

(in HK$ million)	Q2 2021	QoQ	YoY	1H 2021	HoH	YoY
Bookings[1]	7,322.7 (*US$942.6 million*)	-6.5%	+140.0%	15,150.3 (*US$1.95 billion*)	+84.7%	+100.2%
Revenue[1]	5,177.2 (*US$666.6 million*)	+19.4%	+38.2%	9,514.2 (*US$1.23 billion*)	+19.3%	+41.5%
Gross Margin[1, 2] **(%)**	40.6%	+101 bps	+257 bps	40.1%	+481 bps	+260 bps
Net Profit[1, 2, 3]	732.2	+38.6%	+126.3%	1,260.7	+143.1%	+261.2%
Net Profit Margin[1, 2, 3] **(%)**	14.1%	+196 bps	+551 bps	13.3%	+675 bps	+806 bps

Notes
[1] *excluding contributions from the Materials Segment, which has been deconsolidated and equity accounted for since 29 December 2020*
[2] *excluding one-off items and related tax impacts recorded in Q4 2020*
[3] *including share of results from AAMI, a joint-venture, commencing from the beginning of 2021*

1H 2021 Group Financial Review
In the first half of this year, the Group delivered a record revenue performance of HK$9.51 billion (US$1.23 billion). This represented YoY and HoH growth of 41.5% and 19.3% respectively. First half revenue performance continued to be driven by long-term secular growth trends and key macro environment factors:

(i) The need to build more resilient semiconductor supply chains to deal with semiconductor chip shortages or to meet semiconductor self-sufficiency imperatives (often supported by national government programmes, notably mainland China) drove some customers to accelerate their capital expenditure plans and increase capacity investments.

(ii) Semiconductor ubiquity in today's world along with long-term secular growth trends including accelerated digital transformation, high performance computing, automotive electrification and the global 5G rollout influenced customers to ramp up investments to meet both capacity and capability requirements.

(iii) Broad-based demand fuelled by the reopening of major global economies.

The Group also experienced a record amount of bookings of HK$15.15 billion (US$1.95 billion) in the first half of this year, representing YoY and HoH growth of 100.2% and 84.7% respectively. Notably, both SEMI and SMT segments achieved record half-yearly bookings. While SEMI bookings still comprised the majority, the SMT segment has registered two consecutive quarters of record bookings.

The Group's overall strong bookings performance was fuelled by overall broad-based demand, with bookings serving the following end-market applications more than doubling HoH:

(i) The consumer market performed the strongest, expanding significantly in the wake of an expansive post-pandemic economic rebound, especially in mainland China. This momentum drove firm consumer demand for SiP-enabled wearable devices, gaming devices, and both general lighting and conventional RGB displays.

(ii) The automotive market was another standout, influenced predominantly by strong growth in automotive electrification, particularly in mainland China, and steady recovery in the general automotive market.

REVIEW - continued

1H 2021 Group Financial Review - continued

(iii) For industrial market, there was strong growth fuelled by broad-based demand for automation and control devices that are used in varied applications including smart grids and EV charging infrastructure.

Strong Group bookings also drove a record backlog (as of 30 June 2021) of HK$11.54 billion (US$1.49 billion) and book-to-bill ratio of 1.59.

The top five markets that contributed to Group revenue were China (including Hong Kong), Europe, the Americas, Taiwan and Korea. The Group's top five customers also accounted for only 14.4% of Group revenue, continuing to reflect a high degree of customer diversification.

The Group's gross margin was 40.1%, representing a sharp YoY and HoH improvement of 260 bps and 481 bps respectively. This was mainly attributed to a relatively higher segment revenue mix contribution from the Group's SEMI Segment and some positive margin accretive effects from the implementation of programmes related to the Group's strategic initiatives. These positive margin developments were partially offset by some costs related to steps the Group took to adapt parts of its supply chain to support a just-in-case position to reinforce the Group's supply chain resilience and provide crucial business continuity to customers during the current period of constrained global semiconductor supply. Despite this, the Group's strong gross margin performance still drove the Group's net profit (including share of results from its joint-venture AAMI) to HK$1.26 billion, a YoY and HoH improvement of 261.2% and 143.1% respectively.

The Group held cash and bank deposits of HK$4.10 billion (as of 30 June 2021). This strong cash position and elevated working capital levels provide crucial support for the Group's expected ramp-up of deliveries to meet increased demand. The Group continues to maintain a prudent and disciplined capital management policy, which is important for securing a strong and resilient balance sheet.

Q2 2021 Group Financial Review

The Group achieved record revenue of HK$5.18 billion (US$666.6 million), representing growth of 38.2% YoY and 19.4% QoQ. This exceeded the top end of revenue guidance between US$600 million to US$650 million provided during the previous quarter's results announcement.

The Group's bookings of HK$7.32 billion (US$942.6 million) were an increase of 140.0% YoY, but a QoQ decline of 6.5% due to a high base effect (Q1 2021 was the Group's highest-ever quarterly bookings performance).

The Group's gross margin of 40.6% represented a YoY and QoQ improvement of 257 bps and 101 bps respectively. Notably, the SMT segment showed encouraging YoY and QoQ gross margin improvements.

REVIEW - continued

SEMICONDUCTOR SOLUTIONS SEGMENT REVIEW

(in HK$ million)	Q2 2021	QoQ	YoY	1H 2021	HoH	YoY
Bookings	4,296.1 (US$553.0 million)	-19.1%	+144.2%	9,606.9 (US$1.24 billion)	+99.5%	+130.4%
Revenue	3,165.3 (US$407.6 million)	+17.1%	+46.3%	5,869.2 (US$756.3 million)	+36.8%	+59.7%
Gross Margin[1] (%)	43.8%	-21 bps	+94 bps	43.9%	+449 bps	+170 bps
Segment Profit[1]	681.0	+23.4%	+102.9%	1,232.7	+163.5%	+193.4%
Segment Profit Margin[1] (%)	21.5%	+111 bps	+600 bps	21.0%	+1,010 bps	+957 bps

Note
[1] *excluding one-off items recorded in Q4 2020*

The Segment responded well to strong customer demand and scaled its manufacturing capacity particularly from external sources. This helped drive a strong Q2 2021 revenue performance of HK$3.17 billion (US$407.6 million), accounting for 61.1% of Group revenue. This robust growth of 46.3% YoY and 17.1% QoQ was underpinned by the following:

(i) Its IC/Discrete Business Unit ("BU") mainstream tools showed another consecutive quarter of strong YoY and QoQ revenue growth, with die bonders, wire bonders and test handlers dominating deliveries. Some of its AP solutions - namely advanced placement flip chip bonders and advanced laser dicing and grooving equipment - exhibited YoY and QoQ growth. The Unit's overall performance reflected its customers' willingness to rapidly deploy capital in order to capture opportunities emerging from recovering global market conditions.

(ii) Its Optoelectronics BU recorded strong YoY revenue performance from general lighting customers; these, along with conventional fine-pitch display and Mini LED customers, accounted for the majority of the BU's revenue. As for its Micro LED solutions, the BU continues to closely engage with key customers, with its tools ready to capture significant market opportunities when this application ecosystem matures.

(iii) Its CIS BU registered a slight but encouraging QoQ improvement in revenue, underpinned by its broad and favourable customer mix. This was achieved despite widely-reported semiconductor supply constraints that continued to impact the near-term outlook for smartphones.

The Segment registered strong bookings of HK$4.30 billion (US$553.0 million) this quarter, representing YoY growth of 144.2% and QoQ decline of 19.1% (on the back of a record Q1 2021). Mainstream wire and die bonding tools, and advanced packaging panel level ECD tools represented the majority of Segment bookings.

Segment gross margin was 43.8% this quarter, a YoY improvement of 94 bps and flat QoQ. Its YoY improvement was attributed to a combination of improved operating leverage arising from elevated volume and capacity utilisation, increased productivity achieved with a leaner workforce, and some positive effects from the roll out of the Group's strategic initiatives. These improvements were partially offset by a product mix in favour of mainstream tools, expenditure related to the strategic initiatives, and costs to strengthen supply chain resilience amidst industry-wide semiconductor bottlenecks.

REVIEW - continued

SMT SOLUTIONS SEGMENT REVIEW

(in HK$ million)	Q2 2021	QoQ	YoY	1H 2021	HoH	YoY
Bookings	3,026.6 (US$389.6 million)	+20.3%	+134.3%	5,543.4 (US$714.2 million)	+63.7%	+63.2%
Revenue	2,012.0 (US$259.1 million)	+23.2%	+27.1%	3,645.0 (US$469.7 million)	-1.0%	+19.5%
Gross Margin (%)	35.5%	+330 bps	+412 bps	34.0%	+349 bps	+215 bps
Segment Profit	314.3	+90.4%	+98.2%	479.5	+28.8%	+68.2%
Segment Profit Margin (%)	15.6%	+551 bps	+560 bps	13.2%	+305 bps	+381 bps

The Segment paced its manufacturing capacity expansion well and this led to a strong Q2 2021 revenue performance of HK$2.01 billion (US$259.1 million), accounting for 38.9% of this quarter's Group revenue. This represented growth of 27.1% YoY and 23.2% QoQ. The Segment's QoQ revenue growth was underpinned by:

(i) Mainstream high-end placement tools accounted for the majority of Segment revenue.

(ii) AP tools, which include highly accurate SiP placement tools.

(iii) Mainstream printing tools experienced increased demand on the back of key customer wins.

The Segment achieved record bookings this quarter of HK$3.03 billion (US$389.6 million), an increase of 134.3% YoY and 20.3% QoQ. This strong QoQ growth was attributed to broad-based customer demand across major end-market applications including industrial, communications (connectivity devices and equipment), computers (data centre servers) and automotive.

Segment gross margin of 35.5% this quarter represented a sharp improvement of 412 bps YoY and 330 bps QoQ. Its QoQ improvement was mainly influenced by a few factors, including higher operating leverage arising from increased volume and manufacturing utilisation, favourable product mix and some positive margin effects arising from strategic initiatives. These improvements were tempered partially by non-recurring strategic initiative-related expenses and costs to reinforce its supply chain resilience during this period of semiconductor supply constraints.

RESEARCH AND DEVELOPMENT

The Group has an unwavering commitment to investing in research and development ("R&D") with the objective of remaining at the forefront of technology innovations.

The Group's strategy reinforces its ability to deliver the best innovative products with differentiated value propositions to customers. As a result, its customers have benefitted from the Group's breadth and depth of enabling technologies, strong financial resources and excellent infrastructure support. During the six months ended 30 June 2021, the Group invested 9.4% of its equipment revenue into R&D, to the tune of HK$890.2 million. To date, the Group has obtained more than 1,500 patents on leading-edge technologies.

RESEARCH AND DEVELOPMENT – continued

As of 30 June 2021, the Group operates 11 research and development centres worldwide in various major cities, namely in Americas (Boston), Asia (Chengdu, Hong Kong, Shenzhen, Singapore and Taoyuan) and Europe (Beuningen, Munich, Porto, Regensburg and Weymouth), supported by more than 2,000 R&D employees.

LIQUIDITY AND FINANCIAL RESOURCES

With the completed divestment of 55.56% of the Group's Materials Segment, the Group's continuing operations refer to Group's business activities excluding the Materials Segment.

Return on sales of the Group's continuing operations for the period was 17.3% (1H 2020: 7.3%).

Inventory balance as of 30 June 2021 was HK$7.37 billion compared with HK$5.77 billion as of 31 December 2020. The Group's annualized inventory turnover for its continuing operations was 2.90 times (1H 2020: 2.20 times).

Cash and bank deposits as of 30 June 2021 was HK$4.10 billion (31 December 2020: HK$4.46 billion). Capital addition during the period amounted to HK$99.2 million (1H 2020: HK$99.8 million), which was fully funded by the period's depreciation and amortization of HK$260.4 million (1H 2020: HK$262.6 million), excluding the depreciation of right-of-use assets of HK$107.9 million (1H 2020: HK$101.7 million) as per HKFRS 16 in the current period. Days sales outstanding of the Group's continuing operations was 103.8 days (1H 2020: 79.6 days).

As of 30 June 2021, the current ratio was 2.28 (31 December 2020: 2.77), with a debt-to-equity ratio of 22.8% (31 December 2020: 23.1%). Debts include all bank borrowings and lease liabilities under hire purchase arrangements. The Group had available banking facilities of HK$1.65 billion (US$212.1 million) (31 December 2020: HK$2.30 billion (US$296.6 million)) in the form of bank loans and overdraft facilities, of which HK$776.6 million (US$100.0 million) (31 December 2020: HK$775.3 million (US$100.0 million)) was a committed borrowing facility. Bank borrowings, which are mainly arranged to support day-to-day operations and capital expenditure, are denominated in US dollars, Hong Kong dollars and Euros.

The Group had bank borrowings of HK$3.09 billion as of 30 June 2021 (31 December 2020: HK$3.05 billion), consisting of variable-rate and fixed-rate bank borrowings. These bank borrowings are unsecured and repayable by instalments. A syndicated loan of HK$2.5 billion was arranged in March 2019, and it is a variable-rate borrowing. Repayment of this syndicated loan will commence from March 2022 until March 2024. The Group uses interest rate swaps to mitigate its exposure of the cash flow changes of the variable-rate syndicated loan by swapping certain portions of the syndicated loan from variable rates to fixed rates. The Group's equity attributable to owners of the Company was HK$13.52 billion (31 December 2020: HK$13.17 billion) as at 30 June 2021.

As of 30 June 2021, cash holdings of the Group were mainly in US dollars, Euros and Chinese RMB. The Group's SMT Solutions Segment entered into US dollar and Euro hedging contracts to mitigate foreign currency risks, as a significant portion of the production of SMT equipment and its suppliers are located in Europe, while a substantial part of the Group's revenue for SMT equipment is denominated in US dollars.

LIQUIDITY AND FINANCIAL RESOURCES - continued

In terms of currency exposure, the majority of the Group's sales and disbursements in respect of operating expenses and purchases were mainly in US dollars, Euros and Chinese RMB.

The Group has maintained a strong track record of rewarding its shareholders with consistent dividends every year since listing on HKEX in 1989. The Board declares an interim dividend of HK$1.30 per share, an 86% increase compared with 1H 2020.

SIGNIFICANT INVESTMENT

As at 30 June 2021, Advanced Assembly Materials International Limited ("AAMI") was regarded as a significant investment of the Group as the value of the Group's investment in AAMI comprised 5% or more of the Group's total assets. Save as disclosed in this announcement, the information pursuant to paragraph 32(4A) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in relation to the Group's investment in AAMI has not changed materially from the information disclosed in the most recent published annual report.

HUMAN RESOURCES

The Group's employees play key roles in helping its customers successfully enable the digital world. Its human resources approach blends initiatives comprising maintaining competitive remuneration, advancing learning and development tools and systems, and creating an inclusive and positive work environment, all part of a holistic and sustained effort to attract, nurture and retain talented people.

Besides annual salary reviews, employees enjoy a range of benefits including medical and training subsidies, and team-bonding activities that help promote camaraderie and strengthen relationships at work. Discretionary bonus and incentives shares are also granted to eligible employees based on both Group financial performance and individual performance.

As of 30 June 2021, total headcount for the Group was approximately 11,900, which excludes some 2,700 temporary or short-term contract employees and outsourced workers. Of the 11,900, approximately 1,100 are based in Hong Kong, 5,300 in mainland China, 1,500 in Singapore, 1,100 in Germany, 1,000 in Malaysia, 400 in the United Kingdom, 300 in the United States, and the rest in other parts of the world.

Total manpower costs for the Group for the first six months of 2021 was HK$2.62 billion, compared with HK$2.12 billion during the same period of 2020. The Group has committed to allocating the requisite costs for manpower to ensure that its employees are fairly remunerated. The Group continues to take a prudent and measured approach toward managing manpower costs, including creative options to manage manpower in the face of the industry's cyclical environment, the present increase in demand for the Group's products, and a more diverse, mobile and talented workforce.

OUTLOOK

Supported by a record backlog and a carefully calibrated capacity expansion plan, the Group expects revenue for Q3 2021 to be in the range of US$730 million to US$780 million and reaffirms that second half 2021 revenue will stay strong.

The Group is confident of its longer term outlook because of key structural increases in underlying semiconductor demand from secular growth trends, and an overall robust outlook for the industry. For example in its recent June update, VLSI Research forecasted semiconductor content volume rising from 945 billion units in 2020 to 1.43 trillion units in 2025, with the packaging and assembly equipment market expanding from US$3.6 billion in 2020 to US$5.6 billion in 2025.

DELIVERING LONG TERM PROFITABILITY

Positive longer term outlook, along with its revenue growth strategies and strategic initiatives, offers excellent opportunities for the Group to strengthen its focus on delivering consistent and sustainable long term profitability to its stakeholders.

The Group's consistent investment in technology and innovation has enabled it to progressively deepen and expand its overall solutions leadership across mainstream, advanced packaging and Industry 4.0 domains. A sustained commitment of about 10% of equipment revenue for R&D for many years has enabled the Group to build a deep R&D talent pool and significant in-house process and development capabilities and expertise that enables it to 'cross-fertilise' technologies and expertise in unique ways. This has been fundamental in supporting customer's technology road maps, and this in turn has expanded the Group's served market opportunities.

The Group's focused approach for inorganic growth – both M&A and partnerships - distinctively complements these strong in-house capabilities. Its inorganic growth focus basically seeks to invest 'ahead of the curve' in order to capture opportunities in growth areas. The Group's strong record of successfully integrating acquired companies has enabled it to deepen, broaden and strengthen its overall portfolio, with its more recent activity being oriented toward cutting edge areas in AI chip development, hybrid bonding and advanced manufacturing software solutions. These inorganic investments have supported the Group's revenue growth.

On top of the delivering revenue growth, the Group is focused on rolling out a number of strategic initiatives to both leverage and deepen the Group's strong organisational foundations that have enabled it to continue creating significant value for stakeholders. While there are some near-term temporary expenditures associated with planning and rolling out these strategic initiatives, these have been deemed necessary in order to realise opportunities for longer term earnings accumulation. These collective efforts will enable the Group to progressively increase its profit share over the longer term.

The Group believes the world is at the early stages of sustained semiconductor growth in the present multi-year data centric era. This bodes well for its ability to continue delivering consistent and sustainable long-term profitability to its stakeholders.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 June		Six months ended 30 June	
		2021	2020	**2021**	2020
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
			(restated)		(restated)
	Notes				
Continuing operations					
Revenue	2	**5,177,232**	3,746,492	**9,514,154**	6,725,510
Cost of sales		**(3,076,523)**	(2,322,471)	**(5,697,633)**	(4,202,809)
Gross profit		**2,100,709**	1,424,021	**3,816,521**	2,522,701
Other income		**40,042**	9,775	**55,246**	54,129
Selling and distribution expenses		**(459,704)**	(372,578)	**(853,413)**	(727,815)
General and administrative expenses		**(239,815)**	(226,076)	**(471,360)**	(437,178)
Research and development expenses		**(469,849)**	(386,481)	**(890,188)**	(779,055)
Other gains and losses	5	**(27,377)**	(12,427)	**(17,287)**	(23,972)
Other expenses	6	**(7,351)**	(21,836)	**(7,351)**	(71,833)
Finance costs	7	**(31,265)**	(39,948)	**(59,918)**	(79,229)
Share of result of a joint venture		**27,153**	-	**44,446**	-
Profit before taxation		**932,543**	374,450	**1,616,696**	457,748
Income tax expense	8	**(200,306)**	(50,947)	**(356,038)**	(108,744)
Profit for the period from continuing operations		**732,237**	323,503	**1,260,658**	349,004
Discontinued operation					
Profit for the period from discontinued operation	9	**-**	41,929	**-**	41,778
Profit for the period		**732,237**	365,432	**1,260,658**	390,782
Profit for the period, attributable to owners of the Company					
- from continuing operations		**730,641**	323,847	**1,252,150**	347,594
- from discontinued operation		**-**	41,929	**-**	41,778
		730,641	365,776	**1,252,150**	389,372
Profit (loss) for the period, attributable to non-controlling interests					
- from continuing operations		**1,596**	(344)	**8,508**	1,410
Profit for the period		**732,237**	365,432	**1,260,658**	390,782
Earnings per share (from continuing and discontinued operations)	11				
- Basic		**HK$1.78**	HK$0.89	**HK$3.05**	HK$0.95
- Diluted		**HK$1.78**	HK$0.89	**HK$3.05**	HK$0.95
Earnings per share (from continuing operations)	11				
- Basic		**HK$1.78**	HK$0.79	**HK$3.05**	HK$0.85
- Diluted		**HK$1.78**	HK$0.79	**HK$3.05**	HK$0.85

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period	**732,237**	365,432	**1,260,658**	390,782
Other comprehensive (expense) income				
Item that will not be reclassified to profit or loss:				
- net fair value loss on investments in equity instruments at fair value through other comprehensive income	**(49,735)**	-	**(49,735)**	-
Items that may be reclassified subsequently to profit or loss:				
- exchange differences on translation of foreign operations				
- subsidiaries	**78,761**	73,958	**(102,153)**	(152,306)
- a joint venture	**732**	-	**1,771**	-
- fair value (loss) gain on hedging instruments designated as cash flow hedges	**(3,060)**	(24,989)	**12,337**	(38,654)
	76,433	48,969	**(88,045)**	(190,960)
Other comprehensive income (expense) for the period	**26,698**	48,969	**(137,780)**	(190,960)
Total comprehensive income for the period	**758,935**	414,401	**1,122,878**	199,822
Total comprehensive income for the period attributable to:				
Owners of the Company	**755,233**	412,573	**1,117,209**	199,015
Non-controlling interests	**3,702**	1,828	**5,669**	807
	758,935	414,401	**1,122,878**	199,822

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**2,300,052**	2,407,335
Right-of-use assets		**1,663,983**	1,601,737
Investment properties		**82,523**	85,263
Goodwill		**1,155,070**	1,159,030
Intangible assets		**1,086,076**	1,139,436
Other investments		**61,802**	111,106
Interest in a joint venture		**1,286,218**	1,240,001
Finance lease receivables		**4,175**	4,363
Deposits paid for acquisition of property, plant and equipment		**26,203**	9,837
Rental deposits paid		**34,885**	28,816
Deferred tax assets		**540,258**	569,129
Other non-current assets		**22,860**	8,519
		8,264,105	8,364,572
Current assets			
Inventories		**7,367,853**	5,773,007
Finance lease receivables		**375**	372
Trade and other receivables	12	**5,543,900**	4,305,431
Amounts due from a joint venture and its affiliates		**14,024**	326
Derivative financial instruments		**790**	45,564
Income tax recoverable		**141,863**	213,781
Pledged bank deposits		**601**	594
Bank deposits with original maturity of more than three months		**9,602**	9,774
Bank balances and cash		**4,093,503**	4,450,564
		17,172,511	14,799,413
Current liabilities			
Trade liabilities and other payables	13	**3,990,497**	2,784,858
Advance payments from customers		**1,972,461**	1,239,316
Amounts due to a joint venture and its affiliate		**28,690**	110,277
Derivative financial instruments		**19,460**	-
Lease liabilities		**196,913**	169,730
Provisions		**294,883**	308,722
Income tax payable		**206,430**	175,743
Bank borrowings		**837,005**	547,210
		7,546,339	5,335,856
Net current assets		**9,626,172**	9,463,557
		17,890,277	17,828,129

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Capital and reserves		
Share capital	**41,079**	41,079
Dividend reserve	**534,035**	821,592
Other reserves	**12,945,420**	12,306,918
Equity attributable to owners of the Company	**13,520,534**	13,169,589
Non-controlling interests	**30,327**	24,658
Total equity	**13,550,861**	13,194,247
Non-current liabilities		
Bank borrowings	**2,250,000**	2,500,476
Lease liabilities	**1,398,830**	1,352,476
Retirement benefit obligations	**292,067**	319,821
Provisions	**51,440**	51,345
Derivative financial instruments	**43,467**	55,804
Deferred tax liabilities	**190,779**	232,377
Other liabilities and accruals	**112,833**	121,583
	4,339,416	4,633,882
	17,890,277	17,828,129

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments, other investments (classified as equity instruments at fair value through other comprehensive income ("FVTOCI")) and certain financial liabilities which are measured at fair value at the end of reporting period.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform - Phase 2"

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

1. PRINCIPAL ACCOUNTING POLICIES - continued

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform - Phase 2”- continued

Financial instruments - continued

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform - continued

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change)

As at 30 June 2021, the Group has several London Interbank Offered Rate /Hong Kong Interbank Offered Rate bank loans of HK$585,621,000 and HK$2,500,000,000 respectively which will/may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change and no impact on the Group's designated hedged items/assessment of hedge effectiveness resulting from the reform on application of the amendments.

2. SEGMENT INFORMATION

The Group has two (2020: three) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2020: three) major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company’s Chief Executive Officer, the chief operating decision maker (“CODM”), for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the two (2020: three) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

On 28 December 2020, the Group completed a deemed disposal of its materials business. As a result, the operating segment concerning the Group’s materials business has been discontinued in 2020; this is described in more detail in note 9. The segment information reported in this note does not include any amounts for the discontinued operation of materials business. The comparative figures in this note have been restated to conform to the current period’s presentation.

Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, unallocated other income and other losses, unallocated net foreign exchange gain (loss) and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, share of result of a joint venture and other expenses.

2. SEGMENT INFORMATION – continued

Segment revenue and results

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Segment revenue from external customers		
Semiconductor solutions	**5,869,192**	3,676,203
Surface mount technology solutions	**3,644,962**	3,049,307
	9,514,154	6,725,510
Segment profit		
Semiconductor solutions	**1,232,664**	420,202
Surface mount technology solutions	**479,477**	284,979
	1,712,141	705,181
Interest income	**3,914**	10,418
Finance costs	**(59,918)**	(79,229)
Unallocated other income and other losses	**1,218**	(2,268)
Unallocated net foreign exchange gain (loss) and fair value change of foreign currency forward contracts	**18,223**	(23,293)
Unallocated general and administrative expenses	**(95,977)**	(81,228)
Share of result of a joint venture	**44,446**	-
Other expenses	**(7,351)**	(71,833)
Profit before taxation	**1,616,696**	457,748
Segment profit %		
Semiconductor solutions	**21.0%**	11.4%
Surface mount technology solutions	**13.2%**	9.3%

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the CODM for review.

All of the segment revenue derived by the segments is from external customers.

2. SEGMENT INFORMATION – continued

Geographical analysis of revenue by location of customers

	Revenue from external customers Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Mainland China	**4,605,052**	2,882,838
Europe	**1,107,504**	956,520
- Germany	**368,403**	263,477
- France	**90,250**	48,931
- Hungary	**89,598**	91,020
- Austria	**78,849**	78,430
- Romania	**66,890**	60,582
- Others	**413,514**	414,080
Americas	**803,262**	578,029
- United States of America	**472,366**	397,100
- Mexico	**93,727**	79,936
- Canada	**43,196**	8,901
- Others	**193,973**	92,092
Taiwan	**696,396**	583,080
Korea	**451,559**	230,321
Thailand	**418,196**	69,860
Hong Kong	**393,882**	495,420
Malaysia	**373,098**	294,668
Japan	**222,710**	337,379
Vietnam	**140,811**	128,907
Philippines	**118,887**	62,018
Singapore	**118,538**	55,612
Others	**64,259**	50,858
	9,514,154	6,725,510

3. ANALYSIS OF QUARTERLY REVENUE AND RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2021

	Three months ended		
	30 June 2021	31 March 2021	30 June 2020
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited) (restated)
Continuing operations			
Segment revenue from external customers			
Semiconductor solutions	**3,165,250**	2,703,942	2,163,336
Surface mount technology solutions	**2,011,982**	1,632,980	1,583,156
	5,177,232	4,336,922	3,746,492
Segment profit			
Semiconductor solutions	**681,004**	551,660	335,683
Surface mount technology solutions	**314,347**	165,130	158,615
	995,351	716,790	494,298
Interest income	**1,703**	2,211	6,270
Finance costs	**(31,265)**	(28,653)	(39,948)
Unallocated other income and other losses	**18,074**	(16,856)	441
Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts	**(15,522)**	33,745	(14,790)
Unallocated general and administrative expenses	**(55,600)**	(40,377)	(49,985)
Share of result of a joint venture	**27,153**	17,293	-
Other expenses	**(7,351)**	-	(21,836)
Profit before taxation	**932,543**	684,153	374,450
Segment profit %			
Semiconductor solutions	**21.5%**	20.4%	15.5%
Surface mount technology solutions	**15.6%**	10.1%	10.0%

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**206,291**	211,198
Depreciation for right-of-use assets	**107,901**	101,707
Depreciation for investment properties	**2,635**	652
Amortization for intangible assets	**51,504**	50,741
Government grants (included in other income)	**(10,788)**	(38,949)

5. OTHER GAINS AND LOSSES

During the period, included in other gains and losses are mainly provision in relation to the litigation of HK$21.7 million (for the six months ended 30 June 2020: nil), net gain on disposal/write-off of property, plant and equipment of HK$5.4 million (for the six months ended 30 June 2020 (restated): HK$2.3 million) and net foreign exchange gain and fair value change of foreign currency forward contracts of HK$18.2 million (for the six months ended 30 June 2020 (restated): net foreign exchange loss and fair value change of foreign currency forward contracts of HK$23.3 million).

6. OTHER EXPENSES

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
COVID-19 related expenses (Note)	-	71,833
Other expenses	**7,351**	-
	7,351	71,833

Note: During the six months ended 30 June 2020, some expenses amounting to HK$71.8 million directly related and attributable to the COVID-19 event arising from continuing operations were classified as a separate line item under ‘other expenses’. Of this amount, HK$40.4 million was attributable to staff, space and depreciation expenses that the Group bore despite the affected facilities not being operational (in compliance with respective government mandated closures). Another HK$31.4 million concerned incremental costs from miscellaneous measures including higher freight costs, and additional transport arrangements and procurement of personal protective equipment to ensure staff health and safety.

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Interest on bank borrowings	**18,848**	45,810
Interest on lease liabilities	**26,674**	25,632
Others	**4,584**	7,726
	50,106	79,168
Fair value loss reclassified from equity to profit or loss on interest rate swaps designated as cash flow hedges	**9,812**	61
	59,918	79,229

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
The charge (credit) comprises:		
Current tax:		
Hong Kong	**27,021**	10,759
People's Republic of China ("PRC") Enterprise Income Tax	**57,805**	29,895
Other jurisdictions	**190,892**	121,651
	275,718	162,305
Under(over) provision in prior years	**94,665**	(6,747)
	370,383	155,558
Deferred tax credit	**(14,345)**	(46,814)
	356,038	108,744

Current tax:

(a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million for the six months ended 30 June 2021 and 2020.

8. INCOME TAX EXPENSE - continued

Current tax: - continued

(b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 25%), except for ASM Technology China Limited ("ATC"). ATC obtained a new advanced technology service enterprise ("ATSE") Certificate in July 2018. According to the tax circular Caishui [2017] No. 79, ATC, as an ATSE, is subject to Enterprise Income Tax at a reduced income tax rate of 15%. The renewed ATSE recognition has no expiry date while ATC shall keep proper records for its fulfilment of recognition criteria as an ATSE.

(c) On 12 July 2010, the Singapore Economic Development Board ("EDB") granted a Pioneer Certificate ("PC") to ASM Technology Singapore Pte Ltd. ("ATS"), a principal subsidiary of the Company, to the effect that profits arising from certain semiconductor solutions and materials products are exempted from tax for a period of 10 years effective from the dates commenced between 1 June 2010 and 1 January 2012 across specified products, subject to fulfilment of certain criteria during the relevant periods.

On 12 July 2010, EDB also granted ATS an International Headquarters Award ("IHA") to the effect that certain income arising from qualifying activities conducted by ATS, excluding income from business transactions with companies or end customers in Singapore, are subject to a concessionary tax rate of 5% for a period of 10 years from 1 January 2011, subject to fulfilment of certain criteria during the relevant period. Income of ATS arising from activities not covered under the IHA is taxed at the prevailing corporate tax rate in Singapore of 17% (for the six months ended 30 June 2020: 17%).

On 9 December 2020, the PC has been terminated with effect from 1 January 2020 across all product groups while the IHA has expired on 31 December 2020. Meanwhile, ATS is in the advanced stage of renewing the IHA with effect from 1 January 2021 and obtaining a new PC.

(d) The calculation of current tax of the Group's subsidiaries in Germany is based on a corporate income tax rate of 15.00% (for the six months ended 30 June 2020: 15.00%) plus 5.50% (for the six months ended 30 June 2020: 5.50%) solidarity surcharge thereon for the assessable profit for the period. In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rates for the Group's subsidiaries in Germany vary from 14.137% to 17.150% (for the six months ended 30 June 2020: 14.192% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 29.962% and 32.975% (for the six months ended 30 June 2020: 30.017% and 32.975%).

(e) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The deferred tax credit is mainly related to the tax effect of temporary difference between the tax base of certain assets and liabilities and the carrying value of the assets and liabilities. The balance mainly includes deductible temporary differences arising from retirement benefit obligations, provisions, inventories, trade receivables, right-of-use assets and lease liabilities.

9. DISCONTIUNED OPERATION

On 28 July 2020, the Group entered into a subscription agreement (the "Subscription Agreement") with the independent third parties, pursuant to which Advanced Assembly Materials International Limited ("AAMI") (formerly known as ASM Materials Hong Kong Limited), which was then a wholly-owned subsidiary of the Company, shall issue new shares to the investors subject to the satisfaction of the closing conditions as set out in the Subscription Agreement which the investors shall then have 55.56% of AAMI's enlarged total issued shares (the "Transaction"). AAMI, together with its subsidiaries, carried out the Group's materials business.

The Transaction was completed on 28 December 2020, which was the last date that the Group executed control of AAMI. The Group's materials business was treated as discontinued operation.

The revenue and profit for the period from the discontinued materials business is set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to represent the materials operation as a discontinued operation.

	Three months ended 30 June		**Six months ended 30 June**	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue of materials business for the period	-	574,757	-	976,027
Profit of materials business for the period	-	41,929	-	41,778

10. DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividend recognized as distribution during the period		
Final dividend for 2020 paid of HK$2.00 (2020: final dividend for 2019 paid of HK$0.70) per share on 410,796,133 (2020: 408,895,533) shares	**821,592**	286,227
Dividend declared after the end of the interim reporting period		
Interim dividend for 2021 of HK$1.30 (2020: HK$0.70) per share on 410,796,133 (2020: 408,895,533) shares	**534,035**	286,227

The dividend declared after 30 June 2021 will be paid to the shareholders of the Company whose names appear on the Register of Members on 18 August 2021.

11. EARNINGS PER SHARE

From continuing operations

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

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Profit for the period attributable to owners of the Company (from continuing and discontinued operations)	**1,252,150**	389,372
Less: Profit for the period from discontinued operation	-	(41,778)
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	**1,252,150**	347,594

	Six months ended 30 June	
	2021	2020
	Number of shares (in thousands)	
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**410,646**	408,799
Effect of dilutive potential shares:		
- Employee Share Incentive Scheme	**538**	511
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**411,184**	409,310

From discontinued operation

For the six months ended 30 June 2020, basic earnings per share for the discontinued operation is HK$0.10 per share and diluted earnings per share for the discontinued operation is HK$0.10 per share, based on the profit for the period from the discontinued operation of approximately HK$41,778,000 and the denominators detailed above for both basic and diluted earnings per share.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Trade receivables (Note)	**4,974,535**	3,807,458
Value added tax recoverable	**311,585**	295,100
Other receivables, deposits and prepayments	**257,780**	202,873
	5,543,900	4,305,431

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the due date at the end of the reporting period:

	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Not yet due (Note)	**4,246,564**	2,941,406
Overdue within 30 days	**393,496**	367,471
Overdue within 31 to 60 days	**117,291**	227,410
Overdue within 61 to 90 days	**78,218**	157,021
Overdue over 90 days	**138,966**	114,150
	4,974,535	3,807,458

Note: The amount included notes receivables amounting to HK$967,648,000 (31 December 2020: HK$470,572,000).

Before accepting any new customer, the Group assesses the potential customer's credit quality and pre-sets maximum credit limit for each customer. Limits and credit quality attributed to customers are reviewed regularly. Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 days to 60 days from issuance, except for certain well established customers, where the terms are extended to 3 to 4 months or longer.

13. TRADE LIABILITIES AND OTHER PAYABLES

	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Trade payables	**2,579,206**	1,454,939
Deferred income (Note a)	**118,518**	118,925
Accrued salaries and wages	**296,699**	278,667
Other accrued charges	**582,016**	562,727
Payables arising from acquisition of property, plant and equipment	**82,099**	62,759
Gross obligation to acquire non-controlling interest	**86,156**	88,815
Other payables (Note b)	**245,803**	218,026
	3,990,497	2,784,858

Notes:

(a) The amounts mainly represent the spare credits that grant customers the right to purchase certain amounts of spare parts for free, which are contract liabilities.

(b) The amounts mainly represent the value added tax payable and other payables.

The following is an aging analysis of trade payables presented based on the due date at the end of the reporting period:

	At 30 June 2021 HK$'000 (unaudited)	At 31 December 2020 HK$'000 (audited)
Not yet due	**2,002,228**	1,155,582
Overdue within 30 days	**365,120**	210,998
Overdue within 31 to 60 days	**154,515**	49,278
Overdue within 61 to 90 days	**31,221**	13,994
Overdue over 90 days	**26,122**	25,087
	2,579,206	1,454,939

The average credit period on purchases of goods ranges from 30 to 90 days.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") comprises three Independent Non-Executive Directors and one Non-Executive Director who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 in conjunction with the Company's external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that an independent professional trustee appointed by the Board under the Company's Employee Share Incentive Scheme, pursuant to the terms of the rules and trust deed of the Employee Share Incentive Scheme, purchased on The Stock Exchange of Hong Kong Limited a total of 275,100 shares in the Company at a total consideration of approximately HK$26.7 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Miss Orasa Livasiri (Chairman), Mr. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-Executive Directors, Mr. Benjamin Loh Gek Lim and Mr. Paulus Antonius Henricus Verhagen as Non-Executive Directors, and Mr. Robin Gerard Ng Cher Tat, Mr. Guenter Walter Lauber and Ms. Patricia Chou Pei-Fen as Executive Directors.

On behalf of the Board
Robin Gerard Ng Cher Tat
Director

Hong Kong, 27 July 2021