ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2011 THIRD QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011

Group Revenue For The First Nine Months of 2011 Has Surpassed The Full Year Revenue of 2010

First Nine Months of 2011

- ***Record group revenue of US$1.34 billion, a surge of 51.2% over same period last year and has surpassed the full year revenue of 2010 by 9.3%***
- ***Profit of HK$2.75 billion and earnings per share of HK$6.93, a surge of 37.5% over same period last year, including the one-time gain of HK$1.05 billion realized from the purchase of the SMT Equipment business***
- ***Excluding the one-time gain realized from the purchase of the SMT Equipment business, recurring Group net profit of HK$1.7 billion and earnings per share of HK$4.27***

3rd Quarter 2011

- ***Group revenue of US$391.4 million, an increase of 12.6% over same period last year and a decline of 23.2% over the preceding quarter***
- ***Profit of HK$361.2 million and earnings per share of HK$0.91, a decrease of 57.4% over same period last year and a decrease of 53.5% over the preceding quarter***
- ***Assembly and packaging equipment revenue of US$165.9 million, representing declines of 42.6% and 41.6% over Q3 2010 and the preceding three months, respectively***
- ***Lead frame revenue of US$51.0 million, representing declines of 13.0% and 12.0% over Q3 2010 and the preceding three months, respectively***
- ***SMT Equipment revenue of US$174.5 million, representing a 4.2% increase over the preceding three months***
- ***New order bookings of US$325.4 million, a decline of 11.7% from the preceding three months***
- ***Cash on hand of HK$1.39 billion at the end of September 2011***

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the third quarter and nine months ended 30 September 2011:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") reported a turnover of HK$3,049 million for the three months ended 30 September 2011, representing an increase of 12.6% as compared with HK$2,708 million for the same period last year and a 23.2% decline when compared with the turnover of HK$3,971 million for the preceding three-month period. The Group's consolidated profit after taxation for the three months is HK$361.2 million, which is 57.4% lower than the corresponding period in 2010 and 53.5% lower than the preceding three-month period. Basic earnings per share (EPS) for the three-month period amounted to HK$0.91 (third quarter of 2010: HK$2.15, second quarter of 2011: HK$1.96).

The Group reported a turnover of HK$10,398 million for the nine months ended 30 September 2011, representing an increase of 51.2% as compared with HK$6,875 million for the same period last year. Inclusive of the one-time gain of HK$1.05 billion realized from the purchase of the SMT Equipment business, the Group's consolidated profit after taxation for the nine months is HK$2,746 million which is 37.5% higher than the corresponding period in 2010. Basic earnings per share (EPS) for the nine-month period amounted to HK$6.93 (first nine-month period of 2010: HK$5.06).

FINANCIAL HIGHLIGHTS

	Notes	Three months ended 30 Sep **2011** **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*	Nine months ended 30 Sep **2011** **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Turnover	2	**3,049,077**	2,707,574	**10,397,695**	6,874,729
Cost of sales		**(2,042,570)**	(1,392,964)	**(6,714,519)**	(3,644,805)
Gross profit	3	**1,006,507**	1,314,610	**3,683,176**	3,229,924
Other income		**3,570**	2,456	**18,518**	16,846
Selling and distribution expenses		**(230,420)**	(166,246)	**(657,914)**	(450,215)
General and administrative expenses		**(107,466)**	(80,759)	**(303,021)**	(209,550)
Research and development expenses		**(250,318)**	(113,802)	**(663,601)**	(317,388)
Other gains and losses		**15,805**	(2,252)	**(15,791)**	13,411
Finance costs		**(1,002)**	(1)	**(2,903)**	(2)
Gain from bargain purchase	1	**-**	-	**1,053,565**	-
Profit before taxation		**436,676**	954,006	**3,112,029**	2,283,026
Income tax expense	4	**(75,450)**	(105,268)	**(366,495)**	(285,923)
Profit for the period		**361,226**	848,738	**2,745,534**	1,997,103
Other comprehensive (expense) income for the period					
- Exchange differences on translation of foreign operations		**(113,510)**	6,415	**26,147**	22,338
- Actuarial gains on pension plans and other commitments		**17,787**	-	**17,787**	-
Total comprehensive income for the period		**265,503**	855,153	**2,789,468**	2,019,441
Earnings per share	5				
- Basic		**HK$0.91**	HK$2.15	**HK$6.93**	HK$5.06
- Diluted		**HK$0.90**	HK$2.14	**HK$6.91**	HK$5.05

Notes:

1. General

During the nine months ended 30 September 2011, the Company has recognized a gain from bargain purchase of HK$1.05 billion arising from the acquisition of the entire equity interest of 13 direct and indirect subsidiaries of Siemens Aktiengesellschaft (“Siemens AG”) on 7 January 2011, which represents the excess of the net fair value of the identifiable assets acquired and the liabilities assumed over the aggregate of the consideration transferred. As of 30 September 2011, the fair values of the identified assets and liabilities are measured at provisional value. Therefore, the initial accounting for the business combination has been determined only provisionally and thus, provisional value of certain assets, liabilities and the related deferred tax liabilities arising from business combination is subject to change on completion of initial accounting. In accordance with the requirement under Hong Kong Financial Reporting Standard 3 (Revised) (“HKFRS 3”) Business Combination, the Company recognized the adjustment to the provisional amount as if the accounting for the business combination has been recognized at the acquisition date. The published information for the six months ended 30 June 2011 of the Company in the Interim Report 2011 was revised.

2. Turnover by business segments

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2011	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover				
Assembly and Packaging Equipment	**1,292,408**	2,251,460	**5,428,239**	5,671,497
Surface Mount Technology Equipment	**1,359,834**	-	**3,768,884**	-
Lead Frame	**396,835**	456,114	**1,200,572**	1,203,232
	3,049,077	2,707,574	**10,397,695**	6,874,729

3. Gross Profit

The management is in the course of assessing the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed and determined that, among others, the acquisition-date fair value increase of the inventories acquired was HK$120.9 million. As such, "cost of sales" for the six months ended 30 June 2011 has been re-presented. Effect of such re-presentation of "cost of sales" for the three months ended 31 March 2011 and the six months ended 30 June 2011 is summarized below:

	Three months ended 31 March 2011				
	Existing Business (Note a)	Newly Acquired Business (Note b)	Total as per originally stated	Effect of acquisition-date fair value increase of inventories	Re-presented Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2,273,989	1,103,483	3,377,472	-	3,377,472
Cost of sales	(1,284,505)	(796,693)	(2,081,198)	(120,888)	(2,202,086)
Gross profit	989,484	306,790	1,296,274	(120,888)	1,175,386
Gross profit %	43.5%	27.8%	38.4%		34.8%

	Six months ended 30 June 2011				
	Existing Business (Note a)	Newly Acquired Business (Note b)	Total as per originally stated	Effect of acquisition-date fair value increase of inventories	Re-presented Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	4,939,568	2,409,050	7,348,618	-	7,348,618
Cost of sales	(2,797,708)	(1,753,353)	(4,551,061)	(120,888)	(4,671,949)
Gross profit	2,141,860	655,697	2,797,557	(120,888)	2,676,669
Gross profit %	43.4%	27.2%	38.1%		36.4%

An analysis of the Group's turnover and gross profit by Business for the three months ended 30 September 2011 and nine months ended 30 September 2011 is as follow:

	Three months ended 30 September 2011		
	Existing Business (Note a)	Newly Acquired Business (Note b)	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Turnover	**1,689,243**	**1,359,834**	**3,049,077**
Cost of sales	**(1,131,552)**	**(911,018)**	**(2,042,570)**
Gross profit	**557,691**	**448,816**	**1,006,507**
Gross profit %	**33.0%**	**33.0%**	**33.0%**

	Nine months ended 30 September 2011				
	Existing Business (Note a)	Newly Acquired Business (Note b)	Total before effect of acquisition-date fair value increase of inventories	Effect of acquisition-date fair value increase of inventories	Total after effect of acquisition-date fair value increase of inventories
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**6,628,811**	**3,768,884**	**10,397,695**	**-**	**10,397,695**
Cost of sales	**(3,929,260)**	**(2,664,371)**	**(6,593,631)**	**(120,888)**	**(6,714,519)**
Gross profit	**2,699,551**	**1,104,513**	**3,804,064**	**(120,888)**	**3,683,176**
Gross profit %	**40.7%**	**29.3%**	**36.6%**		**35.4%**

Note a: Existing Business: Assembly and Packaging Equipment and Lead Frame
Note b: Newly Acquired Business: Surface Mount Technology Equipment

4. **Income Tax Expense**

In accordance with the HKFRS 3, the tax liabilities assumed in the business combination shall be measured at the acquisition-date fair value. The release of the fair value adjustment in respect of tax liabilities amounting to HK$37 million to income statement during the first six months of 2011 led to reduction in tax expense. The tax expense for the first six months would be HK$291 million if excluding the effect of such fair value adjustment.

5. **Earnings per share**

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

	Three months ended 30 Sep		**Nine months ended 30 Sep**	
	2011	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**361,226**	848,738	**2,745,534**	1,997,103
	Number of shares (in thousand)		**Number of shares (in thousand)**	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**396,119**	394,392	**396,119**	394,392
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,364**	1,284	**1,058**	1,011
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**397,483**	395,676	**397,177**	395,403

6. **An analysis of the Group's turnover, earning before interest and tax excluding the effect of acquisition-date fair value increase of inventories and gain from bargain purchase ("EBIT") by Business is as follow:**

	Three months ended 30 Sep 2011		
	Existing Business	**Newly Acquired Business**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
Turnover	**1,689,243**	**1,359,834**	**3,049,077**
EBIT	**186,114**	**248,183**	**434,297**
EBIT %	**11.0%**	**18.3%**	**14.2%**

	Nine months ended 30 Sep 2011		
	Existing Business	**Newly Acquired Business**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
Turnover	**6,628,811**	**3,768,884**	**10,397,695**
EBIT	**1,639,798**	**527,498**	**2,167,296**
EBIT %	**24.7%**	**14.0%**	**20.8%**

REVIEW

Although this has been a year of gradually-worsening economic conditions, ASM has nevertheless managed to surpass the annual revenue for 2010 in just the first nine months of 2011. The strong performance was contributed to mainly by our substantial order backlog in the first half of this year, as well as contribution from the Surface Mount Technology ("SMT") Equipment business which we had acquired at the beginning of this year.

For the first nine months of this year, Group turnover was US$1.34 billion, representing a surge of 51.2% over same period last year. It has already surpassed the full-year revenue for 2010 by 9.3%.

With the sovereign debt problems in the United States and Europe, and the tightening of credit in China to tame inflation there, the third quarter of this year was a difficult one for the manufacturing sector as a whole. A decline in confidence is attributable to a general economic malaise and fear of a double-dip recession in the western hemisphere, if not the world economy. Moreover, the semiconductor supply chain has been damaged by the earthquake and tsunami in Japan in March this year and is still on its path to recovery.

These factors led to a significant contraction in our revenue for the Assembly and Packaging Equipment business during the third quarter of 2011. Revenue from our Assembly and Packaging Equipment suffered a significant decline compared to the same period last year (which, incidentally, was a record quarter) and as compared to the preceding three months. However, it is worth noting that it is still at a similar level to the revenue achieved in the peak quarter before the global financial crisis in 2008.

During the third quarter of 2011, Assembly and Packaging Equipment revenue decreased by 42.6% to US$165.9 million from the same period a year ago and decreased by 41.6% from the preceding quarter. Assembly and Packaging Equipment revenue contributed to 42.4% of the Group's turnover. Lead frame revenue was US$51.0 million, representing declines of 13.0% and 12.0% respectively compared to the same period last year and compared to the preceding three months. Lead frame revenue contributed to 13.0% of the Group's turnover.

During the first nine months of 2011, SMT Equipment revenue was US$484.2 million, equivalent to 36.2% of the Group's turnover. SMT Equipment revenue was at US$174.5 million in the third quarter, representing an increase of 4.2% over the preceding quarter. During the first nine months of 2011, the SMT Equipment business contributed net profits of HK$372.1 million to the Group, which excluded the fair value adjustment of HK$120.9 million to inventory acquired, EBIT margin was 14% and gross margin was 29.3%.

By geographical distribution, China (40.1%), Europe (25.3%), Malaysia (6.1%), the Americas (6.0%) and Taiwan (4.7%) were the top five markets for ASM in the third quarter of 2011.

Bookings for the third quarter were US$325.4 million, representing an 11.7% decline compared to the second quarter this year. Bookings for the nine-month period amounted to US$1.14 billion.

Caution is becoming more apparent in the market. Companies have adjusted their capital investment plans with spending cuts due to an uncertain global economic environment which has decreased consumer confidence and spending. As our customers' desire and confidence to further expand their production capacity has ebbed, we have witnessed a corresponding slowdown in our new orders. We have also received more requests by customers to push-out their orders for Assembly and Packaging Equipment in this quarter. The Light Emitting Diode ("LED") market continued to be soft, especially for backlight LEDs used in television display units.

There was also a contraction of orders in our Lead frame business. In this segment of business, we believe that the present contraction may be somewhat linked to the aggressive inventory build-up by our customers in the second quarter in anticipation of the impact of supply chain disruption caused by the Japan earthquake and tsunami in March this year, which has since moderated.

As of 30 September 2011, our order backlog amounted to US$378.5 million, a decrease of 16.8% as compared to the preceding three months.

Net profits for the first nine months were HK$2.75 billion which includes a one-time gain of HK$1.05 billion in relation to the acquisition of the SMT Equipment business. Excluding the one-time gain, recurring net profits for the period were HK$1.7 billion.

The vertically-integrated manufacturing model which we have adopted had a negative impact on our gross margins when demand receded. Product mix had a further effect on the Group's overall gross margin. The substantially lower revenue from Assembly and Packaging Equipment had further brought down the Group's gross margin in the third quarter this year. Fortunately, the SMT Equipment business has continued to perform well in the third quarter as demand for our SMT Equipment has remained relatively stable. As a result, its contributions to the Group's total turnover and net profits have increased significantly. Gross margins of our SMT Equipment business have surpassed the 30% level. It hit a high of 33.0% during the quarter, partly due to favorable product mix.

After paying out the interim dividend in August and settled all outstanding payments with Siemens AG in relation to the acquisition of the SMT Equipment business, our cash-on-hand as of end-September 2011 is at HK$1.39 billion.

Due to the worsening economic and market conditions, we have slowed our capital expenditure ("capex") accordingly. Capital addition during the period amounted to HK$219 million, which is partially funded by this quarter's depreciation of HK$84.9 million. The new capex commitment made in the quarter was significantly lower than the amount stated above.

During the third quarter, we launched our GoCu™ copper wire bonding solutions. It addresses a common desire by our customers to achieve much higher overall productivity and machine uptime when converting from gold to copper wire bonding. Since its launch, it has received very encouraging feedback and acceptance from our customers.

We have also shipped our first solar wafer inspection system to a customer for field testing and evaluation. It marks ASM's entrance into the equipment market for solar energy products. Our aim is to offer to customers unique advantages arising from ASM's advanced technologies. For instance, the solar wafer inspection system that we have just delivered offers 3D inspection capability which was developed in-house by ASM.

Progress of SMT Equipment Integration Activities

The formal sale and purchase of the electronics assembly systems business from Siemens AG by ASM has been fully completed, with the formal approval of the business registration of ASM Assembly Systems Ltd (formerly known as Siemens Electronics Assembly China Ltd) in China on 8 September 2011.

All payments related to the acquisition have been fully paid up. Total payments amounted to EUR35.9 million. A gain of HK$1.05 billion from the acquisition was recognized retrospectively at the acquisition date as at 7 January 2011. Meanwhile, integration activities are still ongoing and are progressing well.

PROSPECTS

The state of the global semiconductor industry will be intricately-linked to the health of the world economy in the coming months. Until confidence is regained in the global economy, our customers' desire and confidence to invest will continue to be affected.

As the fourth quarter is typically a low season for our industry, we do not expect material improvement in the market conditions until after the New Year. If the outlook improves, it is likely that the market will pick up again after the year-end seasonal effect. Since the SMT Equipment market and the Assembly and Packaging Equipment markets are highly correlated, there is a risk that the SMT equipment business will also slow down towards the end of the year if the poor market sentiment continues.

Throughout this challenging period, we will prudently control our costs and expenses to maintain our productivity and competitiveness. ASM cannot avoid being adversely affected by external business conditions such as macroeconomic problems and the negative market sentiment that is generated. However, its successful business strategies, including the growing diversification of its range of products, and proven track record puts it in a prime position to excel when business conditions improve.

Once the dark clouds of the global economic uncertainties have cleared, we are confident that the semiconductor industry will continue its general trend of growth. We are of the opinion that the era of mobile computing has arrived. It will help to reshape our life style. Advanced new gadgets like smart phones, tablet computers and other electronic products equipped with Wi-Fi Direct capability will continue to drive the demand for semiconductors. From recent data released regarding shipments of personal computers to different geographical locations, it is evident that the appetite of consumers from the emerging economies is still huge and has yet to be fully satisfied. With ASM's solid foundations, we believe that we can once again turn the challenges into opportunities and emerge stronger from the current economic turmoil.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2011.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Peter Lo Tsan Yin (Vice Chairman), Mr. Lee Wai Kwong, Mr. James Chow Chuen and Mr. Robin Gerard Ng Cher Tat as Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-executive Directors, and Miss Orasa Livasiri, Mr. Robert Lee Shiu Hung and Mr. John Lok Kam Chong as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 27 October 2011