ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2011 AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2011

ASMPT Breaks Another New Record In Group Turnover

- ***Record Group turnover of US$1.66 billion, an increase of 35.7% over 2010***
- ***Record net profit of HK$2.93 billion and earnings per share of HK$7.40, an increase of 3.2% over 2010***
- ***Excluding the one-time gain realized from the purchase of the SMT Equipment business, recurring Group net profit of HK$1.85 billion and earnings per share of HK$4.66***
- ***Assembly equipment turnover of US$838.6 million, representing a 17.5% decline against the previous year***
- ***Lead frame turnover of US$194.5 million, representing a 5.6% decline against the previous year***
- ***SMT equipment revenue of US$626.3 million***
- ***Group new orders booking of US$1.38 billion, a decline of 5.8% from 2010***
- ***Retained the world's No. 1 position in the assembly and packaging equipment industry consecutively for the past 10 years***
- ***Cash on hand of HK$1,627.7 million at the end of 2011***

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") reported a turnover of **HK$12,915 million** in the fiscal year ended 31 December 2011, representing an improvement of 35.7% as compared with HK$9,515 million for the previous year. The Group's consolidated profit after taxation for the year is **HK$2,932 million** which is 3.2% higher than the previous year's net profit of HK$2,842 million. Basic earnings per share (EPS) for the year amounted to **HK$7.40** (2010: HK$7.20). The Group's consolidated profit after taxation for the year includes the one-time gain of HK$1,084 million realized from the purchase of the SMT Equipment business.

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

In view of the Company's continuing strong liquidity and equity base, the Board of Directors has resolved to recommend to shareholders the payment of a final dividend of **HK$0.80** (2010: final dividend of HK$2.10 and special dividend of HK$1.10) per share. Together with the interim dividend of HK$1.60 (2010: HK$1.60) per share paid in August 2011, the total dividend payment for year 2011 will be **HK$2.40** (2010: HK$4.80) per share.

We continue to believe in returning excessive cash to our shareholders as dividends. After considering our short-term needs and on-going positive cash flow from our operations, our cash on hand permits ASM management to recommend a sustained high level of dividend to return excessive cash holdings to shareholders.

The proposed final dividend of **HK$0.80** per share, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 27 April 2012 ("2012 AGM"), is to be payable on Monday, 14 May 2012 to shareholders whose names appear on the Register of Members of the Company on 4 May 2012.

The Register of the Members of the Company will be closed during the following periods:

(i) From Wednesday, 25 April 2012 to Friday, 27 April 2012, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2012 AGM. In order to be eligible to attend and vote at the 2012 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 24 April 2012; and

(ii) From Friday, 4 May 2012 to Monday, 7 May 2012, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Register in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 3 May 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2011 HK$'000**	2010 HK$'000
		Year ended 31 December	
Turnover	2	**12,915,194**	9,515,089
Cost of sales		**(8,488,717)**	(5,006,965)
Gross profit	3	**4,426,477**	4,508,124
Other income		**33,140**	22,769
Selling and distribution expenses		**(867,422)**	(603,095)
General and administrative expenses		**(412,596)**	(275,559)
Research and development expenses		**(885,370)**	(433,987)
Other gains and losses	5	**(85,328)**	1,398
Gain from a bargain purchase	10	**1,084,427**	-
Finance costs		**(3,884)**	(3)
Profit before taxation		**3,289,444**	3,219,647
Income tax expense	6	**(357,464)**	(377,613)
Profit for the year, attributable to owners of the Company		**2,931,980**	2,842,034
Other comprehensive (expense) income			
- exchange differences on translation of foreign operations		**(43,760)**	34,305
- actuarial gains on retirement benefit plans, net of tax		**9,302**	-
Other comprehensive (expense) income for the year		**(34,458)**	34,305
Total comprehensive income for the year, attributable to owners of the Company		**2,897,522**	2,876,339
Earnings per share	8		
- Basic		**HK$7.40**	HK$7.20
- Diluted		**HK$7.37**	HK$7.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**2,073,679**	1,528,498
Intangible assets		**11,380**	-
Prepaid lease payments		**28,531**	28,782
Pledged bank deposit		**201,020**	-
Deposits paid for acquisition of property, plant and equipment		**49,972**	65,511
Rental deposits paid		**5,480**	10,261
Deferred tax assets		**98,223**	23,495
Other non-current assets		**2,367**	-
		2,470,652	1,656,547
Current assets			
Inventories		**2,545,601**	1,624,182
Trade and other receivables	11	**2,956,191**	2,280,470
Prepaid lease payments		**979**	977
Income tax recoverable		**8,611**	-
Pledged bank deposit		**2,010**	-
Bank deposits with original maturity of more than three months		**-**	76,798
Bank balances and cash		**1,627,662**	1,978,182
		7,141,054	5,960,609
Current liabilities			
Trade and other payables	12	**2,031,739**	1,993,404
Derivative financial instruments		**17,733**	-
Provisions		**307,051**	-
Income tax payable		**470,622**	482,992
Bank borrowings		**331,144**	-
		3,158,289	2,476,396
Net current assets		**3,982,765**	3,484,213
		6,453,417	5,140,760

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- continued

	At 31 December	
	2011	2010
	HK$'000	HK$'000
Capital and reserves		
Share capital	**39,764**	39,612
Dividend reserve	**318,110**	1,267,581
Other reserves	**5,907,921**	3,832,957
Equity attributable to owners of the Company	**6,265,795**	5,140,150
Non-current liabilities		
Retirement benefit obligations	**26,845**	-
Provisions	**68,625**	-
Deferred tax liabilities	**38,468**	610
Other liabilities and accruals	**53,684**	-
	187,622	610
	6,453,417	5,140,760

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”s) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The consolidated financial statements have been prepared under the historical cost basis except for the derivative financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

During the current year, the Group acquired the entire equity interest of 13 direct and indirect subsidiaries ("ASM AS Entities") of Siemens Aktiengesellschaft ("Siemens AG") operating the surface mount technology equipment business in 11 countries, including Germany, the People's Republic of China ("the PRC"), the United Kingdom, France, Austria, the United States of America, Mexico, Singapore, Sweden, Italy and Brazil (the "Acquisition").

The accounting policies used in the consolidated financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010, except for the following accounting policies which are adopted by the Group during the current year as these became applicable to the Group as a result of the Acquisition.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except the deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

1. PRINCIPAL ACCOUNTING POLICIES - continued

Retirement benefit costs

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period. All actuarial gains and losses of defined benefit plans are recognised immediately in other comprehensive income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The retirement benefit obligations recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1. PRINCIPAL ACCOUNTING POLICIES - continued

<u>Intangible assets - continued</u>

Impairment losses on intangible assets - continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

<u>Inventories</u>

Inventories of surface mount technology equipment are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

<u>Financial instruments</u>

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

<u>Provisions</u>

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs or returns, discounted to their present values as appropriate.

APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRSs, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by HKICPA.

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements of the Group.

2. SEGMENT INFORMATION

The Group has three (2010: two) operating segments: development, production and sales of assembly and packaging equipment, surface mount technology equipment and lead frame. They represent three major types of products manufactured by the Group. The operations of surface mount technology equipment were introduced to the Group in the current year upon completion of the Acquisition (see Note 1), which resulted in the Group having a new operating segment in the current year. This new operating segment is engaged in the development, production and sales of surface mount technology placement machines. 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 for the purpose of allocating resources to segments and assessing their performance. The Group is organised and managed around the three (2010: two) major types of products manufactured by the Group.

Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, gain from a bargain purchase, unallocated other expenses and unallocated general and administrative expenses.

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

	Year ended 31 December	
	2011	2010
	HK$'000	HK$'000
Segment revenues and results		
Segment revenue from external customers		
Assembly and packaging equipment	**6,526,877**	7,912,246
Surface mount technology equipment	**4,875,100**	-
Lead frame	**1,513,217**	1,602,843
	12,915,194	9,515,089
Segment profit (loss)		
Assembly and packaging equipment	**1,938,081**	3,140,895
Surface mount technology equipment	**462,485**	-
Lead frame	**(119,512)**	135,650
	2,281,054	3,276,545
Interest income	**21,032**	6,215
Finance costs	**(3,884)**	(3)
Gain from a bargain purchase	**1,084,427**	-
Unallocated other expenses	**(3)**	(3)
Unallocated general and administrative expenses	**(93,182)**	(63,107)
Profit before taxation	**3,289,444**	3,219,647

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

2. SEGMENT INFORMATION - continued

Segment revenues and results - continued

The accounting policies of the operating segments are the same as the Group's accounting policies. This is the measure reported to the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

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

Other segment information

2011	Assembly and packaging equipment HK$'000	Surface mount technology equipment HK$'000	Lead frame HK$'000	Unallocated general and administrative expenditure HK$'000	Consolidated HK$'000
Amounts regularly provided to chief operating decision maker:					
Additions of property, plant and equipment					
- Additions during the year	**573,372**	**69,221**	**161,622**	**-**	**804,215**
- Arising from acquisition of subsidiaries	**-**	**135,814**	**-**	**-**	**135,814**
	573,372	**205,035**	**161,622**	**-**	**940,029**
Additions of intangible assets					
- Additions during the year	**-**	**3,511**	**-**	**-**	**3,511**
- Arising from acquisition of subsidiaries	**-**	**16,019**	**-**	**-**	**16,019**
	-	**19,530**	**-**	**-**	**19,530**
Amounts included in the measure of segment profit (loss):					
Amortisation for intangible assets	**-**	**7,111**	**-**	**-**	**7,111**
Depreciation of property, plant and equipment	**213,955**	**57,451**	**68,918**	**-**	**340,324**
Impairment losses recognised in respect of property, plant and equipment	**-**	**-**	**56,293**	**-**	**56,293**
Loss on disposal / write-off of property, plant and equipment	**564**	**396**	**24**	**-**	**984**
Release of prepaid lease payments	**157**	**-**	**414**	**-**	**571**
Share-based payments	**116,706**	**6,142**	**12,182**	**22,442**	**157,472**

2. SEGMENT INFORMATION - continued

Other segment information - continued

2010	Assembly and packaging equipment HK$'000	Lead frame HK$'000	Unallocated general and administrative expenditure HK$'000	Consolidated HK$'000
Amounts regularly provided to chief operating decision maker:				
Additions of property, plant and equipment	693,819	163,703	-	857,522
Additions of prepaid lease payments	21,193	-	-	21,193
Amounts included in the measure of segment profit:				
Depreciation of property, plant and equipment	150,864	75,894	-	226,758
Release of prepaid lease payments	114	439	-	553
(Gain) loss on disposal / write-off of property, plant and equipment	(364)	15,838	-	15,474
Share-based payments	87,724	11,148	16,917	115,789

The information of the Group's non-current assets by geographical location of assets are detailed below:

	Non-current Assets	
	2011	2010
	HK$'000	HK$'000
Mainland China	**1,647,535**	1,167,616
Malaysia	**225,401**	237,837
Singapore	**117,062**	169,683
Europe	**123,100**	821
Hong Kong	**50,244**	50,328
Taiwan	**2,649**	3,123
Japan	**941**	1,507
Others	**4,477**	2,137
	2,171,409	1,633,052

Note: Non-current assets excluded deferred tax assets and pledged bank deposit.

2. SEGMENT INFORMATION - continued

Other segment information - continued

Geographical information by location of customers

	Turnover Year ended 31 December	
	2011	2010
	HK$'000	HK$'000
Mainland China	**5,782,834**	3,581,988
Europe	**2,523,410**	85,018
Malaysia	**921,050**	1,147,718
Taiwan	**788,598**	1,522,896
Americas	**635,138**	216,847
Japan	**515,256**	587,768
Korea	**453,311**	1,000,953
Thailand	**356,520**	430,894
Hong Kong	**292,348**	408,026
Philippines	**381,807**	352,165
Singapore	**183,284**	141,199
Others	**81,638**	39,617
	12,915,194	9,515,089

3. GROSS PROFIT

An analysis of the Group's turnover and gross profit by Business and the effect of acquisition-date fair value increase of inventories for the year ended 31 December 2011 is as follow:

	Year ended 31 December 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**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Turnover	**8,040,094**	**4,875,100**	**12,915,194**	**-**	**12,915,194**
Cost of sales	**(4,870,755)**	**(3,497,074)**	**(8,367,829)**	**(120,888)**	**(8,488,717)**
Gross profit	**3,169,339**	**1,378,026**	**4,547,365**	**(120,888)**	**4,426,477**
Gross profit %	**39.4%**	**28.3%**	**35.2%**		**34.3%**

Note a: Existing business: Assembly and packaging equipment and lead frame
Note b: Newly acquired business: Surface mount technology equipment

4. DEPRECIATION AND AMORTISATION

During the year, depreciation and amortisation amounting to HK$340 million (2010: HK$227 million) and HK$7 million (2010: nil) were charged to profit or loss in respect of the Group's property, plant and equipment and intangible assets, respectively.

5. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2011	2010
	HK$'000	HK$'000
The (losses) gains comprise:		
Net foreign exchange (loss) gain	**(11,102)**	16,872
Impairment losses recognised in respect of property plant and equipment	**(56,293)**	-
Loss on disposal / write-off of property, plant and equipment	**(984)**	(15,474)
Loss on fair value change of derivative financial instruments	**(16,949)**	-
	(85,328)	**1,398**

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2011	2010
The charge (credit) comprises:	**HK$'000**	HK$'000
Current tax:		
Hong Kong	**116,351**	312,808
PRC Enterprise Income Tax	**105,735**	64,073
Other jurisdictions	**396,925**	2,943
	619,011	379,824
(Over)under provision in prior years:		
Hong Kong	**(1,214)**	(14)
PRC Enterprise Income Tax	**1,919**	(45)
Other jurisdictions	**(67)**	93
	638	34
Deferred tax credit		
Current year	**(262,185)**	(2,202)
Attributable to change in tax rate	**-**	(43)
	(262,185)	(2,245)
	357,464	377,613

(a) Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

6. INCOME TAX EXPENSE – continued

(b) Under the Law of the People's Republic of China (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 was increased from 10% and 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC range from 24% to 25% for the year ended 31 December 2011 (2010: 22% to 25%).

(c) ASM Technology Singapore Pte Limited ("ATS"), a principal subsidiary of the Company, was previously granted the Manufacturing Headquarters status by the Singapore Economic Development Board ("EDB") whereby the Group's profit arising from the manufacturing of semiconductor equipment and materials by ATS in Singapore was non-taxable under a tax incentive covering certain new products. The tax exemption applied to profits arising for a period of 10 years from 1 January 2001, subject to the fulfillment of certain criteria during the relevant period, and expired on 31 December 2010.

On 12 July 2010, EDB granted a Pioneer Certificate to ATS to the effect that profits arising from certain new assembly and packaging equipments and lead frame products are exempted from tax for a period of 10 years effective from the dates commenced or to be commenced between 1 June 2010 and 1 January 2012 across specified products, subject to fulfillment of certain criteria during the relevant periods. EDB also granted a 5-year Development and Expansion Incentive to ATS to the effect that profits arising from certain existing products are subject to a concessionary tax rate of 10% for a period of 5 years from 1 January 2011, subject to the fulfillment of certain criteria during the relevant period.

On the same date, EDB also granted ATS an International Headquarters Award 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 fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the abovementioned incentives is taxed at the prevailing corporate tax rate in Singapore of 17% (2010: 17%).

(d) The calculation of current tax of the Group's subsidiaries in Germany is based on a corporate income tax rate of 15.00% plus 5.50% solidarity surcharge thereon for all distributed and retained earnings. In addition to corporate income tax, trade tax is levied on taxable income. For the current year, taxable income of the German subsidiaries is subject to the German trade tax (local income tax) of 17.00%. Thus the aggregate tax rate amounts to 32.825%.

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

The Company continued to receive letters from the Hong Kong Inland Revenue Department during the year ended 31 December 2011 seeking information relating to Hong Kong Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to additional tax being charged on profits from some overseas subsidiaries that have not previously been included in the scope of charge for Hong Kong Profits Tax. As at 31 December 2011, the Group purchased tax reserve certificates amounting to HK$184,329,000 (2010: HK$137,929,000).

6. INCOME TAX EXPENSE – continued

Based on legal and other professional advice that the Company has sought, the directors continued to be of the opinion that sufficient provision for taxation has been made in the consolidated financial statements and the amounts paid under the tax reserve certificates are fully recoverable.

7. DIVIDENDS

	Year ended 31 December	
	2011	2010
	HK$'000	HK$'000
Dividend recognised as distribution during the year		
Interim dividend for 2011 of HK$1.60 (2010: HK$1.60) per share on 396,119,000 (2010: 394,392,100) shares	**633,790**	631,027
Final dividend for 2010 of HK$2.10 (2010: final dividend for 2009 of HK$1.20) per share on 396,119,000 (2010: 394,392,100) shares	**831,850**	473,270
Special dividend for 2010 of HK$1.10 (2010: second special dividend for 2009 of HK$0.40) per share on 396,119,000 (2010: 394,392,100) shares	**435,731**	157,757
	1,901,371	1,262,054
Dividend proposed after the year end		
Proposed final dividend for 2011 of HK$0.80 (2010: HK$2.10) per share on 397,637,100 (2010: 396,119,000) shares	**318,110**	831,850
Proposed special dividend for 2011 of HK$nil (2010: special dividend for 2010 of HK$1.10) per share on 397,637,100 (2010: 396,119,000) shares	**-**	435,731
	318,110	1,267,581

The final dividend of HK$0.80 (2010: final dividend of HK$2.10 and special dividend of HK$1.10) per share in respect of the year ended 31 December 2011 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. 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:

	Year ended 31 December	
	2011	2010
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the year)	**2,931,980**	2,842,034
	Number of shares (in thousands)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**396,190**	394,472
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,419**	1,378
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**397,609**	395,850

9. 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 a bargain purchase ("EBIT") by Business is as follows:

	Year ended 31 December 2011		
	Existing business (Note a)	**Newly acquired business (Note b)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Turnover	**8,040,094**	**4,875,100**	**12,915,194**
EBIT	**1,727,780**	**580,978**	**2,308,758**
EBIT %	**21.5%**	**11.9%**	**17.9%**

Note a: Existing business: Assembly and packaging equipment and lead frame
Note b: Newly acquired business: Surface mount technology equipment

10. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2011, the Company has recognised gain from a bargain purchase of HK$1.08 billion arising from the acquisition of the entire equity interest of 13 direct and indirect subsidiaries of 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.

11. TRADE RECEIVABLES

Included in trade and other receivables are trade receivables with the aging analysis as follows:

	At 31 December	
	2011	2010
	HK$'000	HK$'000
Not yet due	**1,529,797**	1,444,641
Overdue within 30 days	**278,745**	252,653
Overdue within 31 to 60 days	**101,536**	116,569
Overdue within 61 to 90 days	**77,784**	50,781
Overdue over 90 days	**111,020**	31,254
	2,098,882	1,895,898

12. TRADE PAYABLES

Included in trade and other payables are trade payables with the aging analysis as follows:

	At 31 December	
	2011	2010
	HK$'000	HK$'000
Not yet due	**530,029**	615,949
Overdue within 30 days	**106,723**	270,895
Overdue within 31 to 60 days	**52,845**	72,067
Overdue within 61 to 90 days	**27,960**	16,977
Overdue over 90 days	**84,801**	6,316
	802,358	982,204

REVIEW

The world economy encountered many challenges in 2011. For instance, the earthquake and tsunami in Japan, the sovereign debt crises faced by the United States and Europe, and the tightening of credit by China to tame inflation created very difficult business conditions. Despite these challenges, we are pleased with the progress that we made in 2011.

Last year, we successfully integrated our newly-acquired Surface Mount Technology (“SMT”) equipment business, which is complementary to our assembly and packaging equipment business. The acquired business lifted the Group’s revenue by 60.6% and contributed positively to the Group’s net profit from the outset. With the contribution from the SMT equipment business, Group revenue achieved another new record of US$1.66 billion, which is 35.7% above the Group revenue in 2010. Net profit was HK$2.93 billion, inclusive of a one-time gain realized from the purchase of the SMT equipment business. Return on capital employed and on sales were 52.6% and 25.3% respectively.

Even without the SMT equipment business, comparable revenue in 2011 from our pre-existing businesses stayed above the US$1 billion level, which was attained for the first time in 2010. This was despite the deteriorating market conditions experienced particularly from the second half of last year. We believe that we have laid a solid foundation that will enable ASM to continue to ascend to greater heights.

Last year, our assembly and packaging equipment revenue was US$838.6 million, representing 50.5% of the Group's turnover. It has well surpassed the historical peak achieved before the global financial crisis in 2008, although it declined by 17.5% from the previous year. ASM was again the top supplier in its industry, which is a position we have maintained since 2002. Revenue for our lead frame business in 2011 was US$194.5 million, a contraction of 5.6% compared to 2010. It contributed to 11.7% of the Group revenue. Once again, revenue for our lead frame business last year was well above the pre-crisis level.

Our SMT equipment business made very good progress in 2011. It achieved revenue of US$626.3 million, representing a growth of 18.2% over 2010, before its acquisition by the Group. We believe that we have made solid market share gains last year. The SMT equipment business contributed to 37.8% of the Group revenue.

Indeed, the first half of 2011 was a great six-month period for ASM. Group revenue for the first six months exceeded US$900 million. In fact, we achieved record revenue of more than US$500 million during the second quarter of 2011, with many products achieving historical-high revenues.

Nevertheless, due to significantly worsening market conditions, we experienced a sharp contraction in revenue during the second half of last year.

In the second half of 2011, billings for the Group amounted to US$715.0 million, a decrease of 24.3% from the first half of the year and a growth of 4.1% over same period a year ago.

During the second half of last year, our assembly and packaging equipment revenue was US$307.1 million, representing contraction of 42.2% against the first half of 2011. Assembly and packaging equipment revenue contributed to 43.0% of the Group's turnover. Revenue for our lead frame business was US$91.1 million, a contraction of 11.7% as compared to the preceding six months. It contributed to 12.7% of the Group revenue. Our SMT equipment revenue managed to achieve a small growth of 2.4% over the first half of 2011 with revenue at US$316.7 million, representing a contribution of 44.3% to the Group's turnover.

New order bookings for the six-month period were US$565.9 million, a contraction of 30.4% over the preceding six months. Excluding our SMT equipment business, comparable bookings from our pre-existing businesses during the period contracted more due to the adverse market conditions in the second half of last year.

Our billings in the fourth quarter of 2011 were US$323.6 million. It represented decreases of 17.4% from the preceding quarter and 4.7% against the same period last year.

We noticed that the market for assembly equipment and lead frames started stabilizing in the fourth quarter of 2011. The quarter-on-quarter decline of new order bookings for these products narrowed substantially and was relatively small. However, the market softening had by then spilled over to the SMT equipment market, particularly in China. Comparatively, the SMT equipment market dropped much less in Europe and the Americas where ASM enjoys a stronger market position over its competitors.

During the fourth quarter, assembly and packaging equipment revenue fell by 51.0% from the same period a year ago to US$141.2 million and decreased by 15.0% from the preceding quarter. Lead frame revenue showed a decline of 21.2% as compared to the third quarter to US$40.2 million and decreased by 21.8% against the same period last year. Lead frame revenue represented 12.4% of the Group's revenue in the fourth quarter. After its strong growth momentum during the past few quarters, SMT equipment revenue receded by 18.7% from the third quarter. SMT equipment revenue represented 43.9% of the Group's revenue in the fourth quarter. New order bookings during the last quarter of 2011 amounted to US$240.5 million, representing a sequential decline of 26.1% against the preceding quarter.

New order bookings for 2011 amounted to US$1.38 billion. Due to the lower order intake, our backlog as of 31 December 2011 declined significantly to US$291.8 million.

Our customer base continues to be well diversified. By geographical distribution, China (44.8%), Europe (19.5%), Malaysia (7.1%), Taiwan (6.1%) and the Americas (4.9%) are the top five markets for ASM in 2011. In particular, the addition of the SMT equipment business has significantly enhanced ASM's market presence in Europe and the Americas. Moreover, the contribution from the China market has further increased.

The addition of the SMT equipment business has further contributed to ASMPT's strength in building its business on a diversified customer base. In 2011, our top 5 customers contributed to 12.4% of ASM's total revenue. 80% of the Group revenue in 2011 came from our top 332 customers. Out of our top 20 customers, 6 were from the SMT equipment business.

After aggressive capacity expansion in 2009 and 2010, and amid the current gloomy market conditions, subcontractor customers appear to have cut back on their capital expenditure ("capex") spending last year.

The contraction of assembly and packaging equipment revenue as compared to 2010 was mainly due to lower demand for capacity-related equipment such as die bonders and wire bonders. Our Back-End Products ("BEP") business (which is more package-related) and CMOS Image Sensor ("CIS") business (which is closely linked to demand for smart phones and tablet computers) continued to achieve moderate growth last year.

The slowdown of the LED market, mainly caused by lackluster demand for LED back-lit televisions, lasted longer than expected. On the other hand, the integrated circuits and discrete market actually showed moderate growth in the first half of last year.

Our lead frame business contracted moderately by 5.6% as compared to 2010. It is still 38.5% above the revenue level experienced in 2009, reflecting that the fundamental demand for electronic products is still solid.

High metal prices had led to a loss for our lead frame business. We have taken necessary action to tackle the problem structurally by proposing to our customers to adopt a floating price formula which links the lead frame selling price to the prices of copper and other precious metals such as gold, silver and palladium on the London Metal Exchange. At the same time, we continue to drive internal cost reduction and productivity improvement.

The market slowdown produced an overall negative impact on our gross margin. Gross margins for assembly and packaging equipment were negatively affected by both product mix and lower volume. Although contributing positively to our net profit, profitability of our SMT equipment business has still yet to match the profitability of our assembly and packaging equipment business.

ASM has the largest product portfolio to address the various markets that the Group operates in. Last year, with the easing of capacity constraints which were experienced in the preceding year, we have launched many new products to the market.

Our copper wire bonding solution, the GoCu™ wire bonder, is well accepted by customers. It has aroused the interest of many customers, including potential new customers for ASM. Our heavy aluminum wire bonder for power electronic packages is making solid in-roads to the market.

Our 12-inch die bonder, the LINDA™, is recognized by our customers as the most accurate die bonder for stack die applications. This is an essential packaging solution for producing flash memory storage devices.

Our encapsulation solutions group has been able to clinch more orders to develop new advanced packaging solutions for our customers. It is now the preferred encapsulation solution choice for many customers for their new package developments, especially for very high density packages.

Further, our lead frame business is leading the market in very high density lead frames. Leveraging on the expertise of both assembly and packaging equipment and lead frames, ASM is offering to its customers total solutions for their very high density packaging needs. Additionally, we have started shipping LED lead frames to our customers.

Our DX series SMT placement machine, which is based on our very successful SX series placement machines, was also launched. While the SX series is an ideal solution for most customers in Europe, America and some sophisticated customers in Asia, the DX series is designed primarily for the mainstream Asian market.

Our FT2018 test handler is gaining good market acceptance. We have also shipped our first equipment for the solar market.

The Sale and Purchase Agreement for acquiring the SMT equipment business was formally executed on 7 January 2011.

Despite cultural differences arising from the European and Asian origins of the respective businesses, integration has been progressing well. We are very glad that employees from both Europe and Asia have been able to work well and successfully together. Synergies which were identified by us before have been confirmed, and we are well on course to accomplish our target of achieving the planned synergies.

We have started to see cross-utilization of technologies between our assembly and packaging equipment and SMT equipment groups. In fact, a new generation bonder which will be sent to our customer in early 2012 is inspired by technologies and solutions adopted by the SMT equipment business.

In the other direction, more and more components and modules in our SMT equipment are being designed and manufactured by the ASM team in Asia. This helps both to bring down the cost of our SMT equipment and also to further enhance the performance capabilities of our SMT equipment.

More joint development projects are on the way. Our respective teams of engineers have been working on the design of a new-generation SMT placement machine that is dedicated for the low-volume and high-mix market. Work on the development of adjacent products for the SMT equipment market is also in progress.

LIQUIDITY AND FINANCIAL RESOURCES

We ended the last fiscal year in a healthy financial position, despite funding the acquisition and integration of the SMT equipment business, as well as the capex spending to expand our production and research and development capacity.

Cash on hand as of 31 December 2011 was HK$1,628 million (2010: HK$2,055 million). During the twelve-month period, HK$1,901.4 million was paid as dividends and €35.9 million was paid to Siemens AG as purchase consideration for the acquisition of the SMT equipment business. Furthermore, €20 million was injected into the SMT equipment business as share capital to support the business, as was previously committed in the Sale and Purchase Agreement. Capital addition during the period amounted to HK$807.7 million, which was partially funded by the year's depreciation of HK$340.3 million. Accounts receivable have been tightly monitored during the year. With our aggressive collection efforts and the general reduction in sales activities in the last quarter, accounts receivable have come down to 59.3 days sales outstanding (2010: 72.7 days).

Current ratio was 2.3, with a debt-equity ratio of 53.4%. As there were no long term borrowings, gearing of the Group was zero, which has been the case for more than ten years. The Group's shareholders' funds increased to HK$6,266 million as at 31 December 2011 (2010: HK$5,140 million).

The Group has moderate currency exposure as the majority of all sales were denominated in U.S. dollars. On the other hand, the disbursements were mainly in U.S. dollars, Hong Kong dollars, Singapore dollars, Malaysian Ringgit and China Renminbi. Our limited yen-based receivables were offset by some accounts payable in yen to Japanese vendors. With the addition of the SMT equipment business, the Group's exposure to the Euro has increased starting from 2011.

We continue to believe in returning excessive cash to our shareholders as dividends. Under the Sale and Purchase Agreement for the acquisition of the SMT Equipment business from Siemens AG, ASM had committed that it will not transfer assets, which include but are not limited to cash, from the German operations of the SMT Equipment business for a period of 3 years from the acquisition. After considering our short-term needs, on-going positive cash flow from our operations and the above commitment, our cash on hand permits ASM management to recommend a sustained high level of dividend, although the payout ratio is lower than in recent years. Excluding the earnings from the SMT equipment business and the one-time gain realized from the purchase of the SMT equipment business, the dividend payout ratio for 2011 is 62.9%. With its promising growth potential in both revenue and earnings we believe our investment in the SMT equipment business will be able to deliver high returns in the future.

HUMAN RESOURCES

ASM recognizes human resources as one of the Company's most important assets. Recruiting and retaining high-calibre employees is always of high priority in ASM. Besides offering competitive remuneration packages, ASM also commits to specialized yet demanding staff development and training programs. In general, salary review is conducted annually. In addition to salary payments, other benefits include contributions to provident fund schemes, medical and training subsidies. Discretionary bonus and incentive shares may be granted to eligible staff based on the Group's financial results and individual performance.

As of 31 December 2011, the total headcount of the Group worldwide was approximately 14,600 people. This figure includes the contribution from the acquisition of the SMT equipment business to the total headcount of the Group.

PROSPECTS

It is generally expected that demand for consumer electronics products, in particular the demand for smart phones, tablet computers and automotive electronics, will continue to drive the semiconductor market in the near future. Healthy demand for consumer electronics products will thus help to fuel the market. The semiconductor equipment market is now highly cyclical. The industry has experienced high growth rates in capital equipment spending in 2010, which started to moderate significantly in 2011. From the high base, some analysts have forecasted that semiconductor equipment spending will decline somewhat in 2012 before resuming its growth in 2013.

Although the market may encounter turbulence in the coming months arising from potentially volatile global economic conditions, we do not expect the market for assembly and packaging equipment and lead frames to deteriorate further. In general, customers are expecting the market situation to improve although there is still uncertainty due to the possibility of impending macroeconomic problems. In fact, after the recent Chinese New Year, we have observed some pick-up in the market.

In the LED sector, the LED market has already been relatively slow for six consecutive quarters due to a prolonged oversupply of LED products. However, there are encouraging signs indicating that the LED market is now stabilizing. We believe that we are not far from a recovery of the LED market, which will likely continue to grow again especially in the areas of LED general lighting. In fact, we recognize LED lighting to be an important future driver of growth.

The outlook for 2012 has improved with the US economy improving and China relaxing its credit tightening. Of course, the Euro zone sovereign debt crisis continues to be a big variable and is a concern to the world economy at large.

Semiconductor packaging is becoming more sophisticated and demanding. Although wire bonding will continue to be the mainstream interconnection solution, there is need for new technologies for more advanced wafer technologies and 3D packaging. We have been working on the development of Thermal Compression Bonding ("TCB"). The first TCB bonder is expected to be delivered to one of our customers early this year. The TCB bonder will enable customers to achieve very fine pitch flip chip bonding as well as chip to substrate, chip to chip and chip to wafer bonding for 3D Through Silicon Via ("TSV") packages.

Substantial efforts are being expended to improve the profitability of the SMT equipment business to seek to bring the profitability of the SMT equipment business to a comparable level to ASM's norms. We are confident that it will become an additional growth engine for ASM, and that it will increasingly contribute to ASM's profitability in the future. We are confident that the SMT equipment business will enable the Group to continue to deliver growth and returns to its shareholders that are in line with ASM's historical performance.

Our new R&D centre in Chengdu, China was completed in the fourth quarter of 2011. Our SMT equipment business has already started to make use of the new resources in Chengdu. The additional R&D centre allows ASM to significantly expand its R&D resources. Together with our fourth R&D center in Munich, Germany we now employ more than a thousand high quality R&D engineers. ASM's long term strategic position as the leader of the assembly and packaging equipment business, as well as the SMT equipment market, is now significantly strengthened.

Our new manufacturing plant in Huizhou, China has been successfully in operation for more than a year. The second phase of expansion is in progress and is expected to be completed by the first half of 2012. It will allow ASM to further expand its production capacity to cater for the growth of both assembly and packaging equipment and SMT equipment, and to allow us to make new investments in casting technologies.

Further, we are in the process of setting up etched lead frame facilities in our manufacturing plant in Fuyong, China to capture the growing China market for lead frames. It is expected to be operational by the second quarter this year.

ASM's management team has always sought to adopt long-term business strategies. Our long-term business strategies include offering multiple products serving diversified application markets, a customer-centric approach focusing on customer value creation, a vertical integration strategy and strategic choice of low-cost manufacturing locations, and providing customers with innovative, total packaging solutions based on ASM's equipment and lead frames to meet their ever-expanding new product requirements. Leveraging on our in-house enabling technologies, we are focused on injecting higher performance and lower cost of manufacturing into our products, and to expand the scope of our total solutions to customers in all the various business segments that we operate in. With the addition of the SMT equipment business, ASM is now in a premier position to serve the entire food chain of the manufacturing of electronic products. While the path ahead could be bumpy due to unpredictable macro-economic conditions, we are confident that ASM is poised to continue its journey to forge a new era of growth.

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

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Group has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2011 except the following deviation:

Code Provision A.4.1

The Company has not yet adopted Code Provision A.4.1 which provides that Non-executive Directors should be appointed for a specific term, subject to re-election. All the Non-executive Directors are not appointed for specific term, but they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years pursuant to the Articles of Association of the Company. As such, the Company considers that such provisions in the Articles of Association are sufficient to meet the underlying objective of the relevant provision of the CG Code.

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

The Group has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code during the year ended 31 December 2011.

AUDIT COMMITTEE

The audit committee is comprised of 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 ACCOUNTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2011 in conjunction with the Company's external auditor.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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, 6 March 2012