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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2012 AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

ASM Is Getting Ready For The Upcoming Market Rebound

2012

- **Group revenue of US$1.35 billion, a contraction of 19.0% over the preceding year**
- **Net profit of HK$689.0 million and earnings per share of HK$1.73, a contraction of 62.7% over the preceding year, excluding the one-time bargain purchase realized from the acquisition of the SEAS business from Siemens AG in 2011**
- **Record Lead frame revenue of US$212.3 million, achieving a growth of 8.8% over 2011**
- **Back-end equipment revenue of US$647.9 million, representing a decrease of 23.0% against 2011**
- **SMT equipment revenue of US$488.5 million, representing a decrease of 22.3% against 2011**
- **New order bookings of US$1,323 million, a slight decrease of 4.0% over 2011**
- **Cash on hand of HK$1.49 billion at the end of December 2012**

Second half of 2012

- **Group revenue of US$0.69 billion, representing a slight increase of 3.3% over the first half year but 4.5% below the same period of 2011**
- **Net profit of HK$205.4 million and earnings per share of HK$0.51, representing contractions of 57.5% and 57.9% over the first half of 2012 and the same period of 2011 respectively**
- **Lead frame revenue of US$108.0 million, representing increases of 3.4% and 18.0% over the first half of 2012 and the second half of 2011 respectively**
- **Back-end equipment revenue of US$303.2 million, representing contractions of 12.1% and 1.7% over the first half of 2012 and the second half of 2011 respectively**
- **SMT equipment revenue of US$274.4 million, representing an increase of 28.0% over the first half of 2012 and a decrease of 13.7% over the second half of 2011**
- **New order bookings of US$510.2 million, decreased by 37.2% as compared to the preceding six months**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of audited results for the year ended 31 December 2012:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") reported a turnover of **HK$10,461 million** in the fiscal year ended 31 December 2012, representing a contraction of 19.0% as compared with HK$12,915 million for the previous year. The Group's consolidated profit after taxation for the year is **HK$689 million** which is 76.5% lower than the previous year's net profit of HK$2,932 million, having been negatively impacted by challenging market and economic conditions. Basic earnings per share (EPS) for the year amounted to **HK$1.73** (2011: HK$7.40).

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$0.30** (2011: final dividend of HK$0.80) per share. Together with the interim dividend of HK$0.61 (2011: HK$1.60) per share paid in August 2012, the total dividend payment for year 2012 will be **HK$0.91** (2011: HK$2.40) 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$0.30** 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, 26 April 2013 ("2013 AGM"), is to be payable on Wednesday, 15 May 2013 to shareholders whose names appear on the Register of Members of the Company on 6 May 2013.

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

(i) From Wednesday, 24 April 2013 to Friday, 26 April 2013, 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 2013 AGM. In order to be eligible to attend and vote at the 2013 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, 23 April 2013; and

(ii) From Monday, 6 May 2013 to Wednesday, 8 May 2013, 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 Friday, 3 May 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 31 Dec		Year ended 31 Dec	
		2012	2011	**2012**	2011
		(unaudited)	(unaudited and restated)	**(audited)**	(audited)
			Note 2		
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Turnover	3	**2,279,801**	2,517,499	**10,460,558**	12,915,194
Cost of sales		**(1,746,317)**	(1,774,198)	**(7,298,182)**	(8,488,717)
Gross profit	5	**533,484**	743,301	**3,162,376**	4,426,477
Other income		**6,934**	14,622	**16,711**	33,140
Selling and distribution expenses		**(244,430)**	(209,508)	**(937,409)**	(867,422)
General and administrative expenses		**(118,015)**	(109,575)	**(451,618)**	(412,596)
Research and development expenses		**(233,316)**	(221,769)	**(905,115)**	(885,370)
Other gains and losses	7	**5,940**	(69,537)	**(7,493)**	(85,328)
Gain from a bargain purchase	8	**-**	-	**-**	1,084,427
Finance costs		**(3,993)**	(981)	**(8,774)**	(3,884)
Profit (loss) before taxation		**(53,396)**	146,553	**868,678**	3,289,444
Income tax expense	9	**9,267**	(20,086)	**(179,684)**	(357,464)
Profit (loss) for the period, attributable to owners of the Company		**(44,129)**	126,467	**688,994**	2,931,980
Other comprehensive income (expense)					
- exchange differences on translation of foreign operations		**38,881**	(69,907)	**42,617**	(43,760)
- actuarial (losses) gains on retirement benefit plans, net of tax		**(40,160)**	(8,485)	**(40,160)**	9,302
Other comprehensive income (expense) for the period		**(1,279)**	(78,392)	**2,457**	(34,458)
Total comprehensive income (expense) for the period, attributable to owners of the Company		**(45,408)**	48,075	**691,451**	2,897,522
Earnings (loss) per share	11				
- Basic		**HK$(0.12)**	HK$0.32	**HK$1.73**	HK$7.40
- Diluted		**HK$(0.11)**	HK$0.31	**HK$1.73**	HK$7.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**2,105,615**	2,073,679
Investment property		**69,501**	-
Intangible assets		**15,213**	11,380
Prepaid lease payments		**27,794**	28,531
Pledged bank deposit		**204,520**	201,020
Deposits paid for acquisition of property, plant and equipment		**36,920**	49,972
Rental deposits paid		**13,549**	5,480
Deferred tax assets		**171,634**	98,223
Other non-current assets		**53,397**	2,367
		2,698,143	2,470,652
Current assets			
Inventories		**2,876,375**	2,545,601
Trade and other receivables	12	**3,155,458**	2,956,191
Prepaid lease payments		**997**	979
Derivative financial instruments		**1,479**	-
Income tax recoverable		**4,525**	8,611
Pledged bank deposit		-	2,010
Bank balances and cash		**1,487,003**	1,627,662
		7,525,837	7,141,054
Current liabilities			
Trade and other payables	13	**2,091,605**	2,031,739
Derivative financial instruments		-	17,733
Provisions		**320,638**	307,051
Income tax payable		**244,423**	470,622
Bank borrowings		**695,273**	331,144
		3,351,939	3,158,289
Net current assets		**4,173,898**	3,982,765
		6,872,041	6,453,417

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	At 31 December	
	2012	2011
	HK$'000	HK$'000
Capital and reserves		
Share capital	**39,925**	39,764
Dividend reserve	**119,773**	318,110
Other reserves	**6,396,976**	5,907,921
Equity attributable to owners of the Company	**6,556,674**	6,265,795
Non-current liabilities		
Retirement benefit obligations	**91,410**	26,845
Provisions	**54,181**	68,625
Bank borrowings	**129,175**	-
Deferred tax liabilities	**8,811**	38,468
Other liabilities and accruals	**31,790**	53,684
	315,367	187,622
	6,872,041	6,453,417

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"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on 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. The Group has applied the following accounting policies during the current year as they have become applicable to the Group.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group’s net investments in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Group’s net investment outstanding in respect of the leases.

Rentals income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

1. PRINCIPAL ACCOUNTING POLICIES - continued

Share-based payment transactions

Equity-settled share-based payment transactions

Awarded shares held under Share Award Scheme granted to members of the management of the Group for their service to the Group

Shares purchased under the Share Award Scheme are initially recognised in equity (shares held for Share Award Scheme) at fair value of consideration paid including the transaction costs at the date of purchase.

The fair value of services received from directors and employees determined by reference to the fair value of awarded shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the time when the awarded shares are vested, the amounts previously recognised in shares held for Share Award Scheme and the amount recognised in employee share-based compensation reserve are transferred to retained profits.

Application of new and revised HKFRSs

In the current year, the Group has applied a number of new and revised HKFRSs issued by the HKICPA.

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. RESTATEMENTS OF RESULTS IN ACCORDANCE WITH HKFRS 3 (REVISED)

On 7 January 2011, the Group acquired the entire equity interest of 13 direct and indirect subsidiaries of Siemens Aktiengesellschaft ("Siemens AG") (the "Acquisition") of which the fair values of the identifiable assets, liabilities and contingent liabilities acquired were measured at provisional values. In December 2011, the Group had finalised the fair value assessment of the assets and liabilities at date of acquisition and adjusted the provisional amounts recognised previously when the annual consolidated financial statements of the Group for the year ended 31 December 2011 were prepared. In accordance with the requirements under HKFRS 3 (Revised) "Business combinations", the Group recognised the adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. The comparative figures in respect of the three months ended 31 December 2011 have accordingly been restated.

Please refer to Note 14 for the effect of those restatements described above on the results for the respective period.

3. SEGMENT INFORMATION

The Group has three (2011: three) operating segments: development, production and sales of back-end equipment (formerly known as 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 prior year upon completion of the Acquisition (see Note 2), which resulted in the Group having a new operating segment in the prior year. This 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 (2011: three) 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 income (expenses), unallocated net foreign exchange loss and unallocated general and administrative expenses.

3. **SEGMENT INFORMATION - continued**

Segment revenues and results

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2012	2011	**2012**	2011
	(unaudited)	(unaudited)	**(audited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Segment revenue from external customers				
Back-end equipment	**809,584**	1,098,638	**5,024,111**	6,526,877
Surface mount technology ("SMT") equipment	**1,134,581**	1,106,216	**3,789,461**	4,875,100
Lead frame	**335,636**	312,645	**1,646,986**	1,513,217
	2,279,801	2,517,499	**10,460,558**	12,915,194
Segment profit (loss)				
Back-end equipment	**(167,474)**	193,626	**485,176**	1,938,081
SMT equipment				
-Profit before accounting for fair value adjustment to inventory acquired	**113,850**	60,227	**370,794**	583,373
-Fair value adjustment to inventory acquired	**-**	-	**-**	(120,888)
SMT segment profit	**113,850**	60,227	**370,794**	462,485
Lead frame				
-Profit (loss) before accounting for impairment losses recognized in respect of property, plant and equipment	**18,735**	(21,486)	**87,456**	(63,219)
-Impairment losses recognized in respect of property, plant and equipment	**-**	(56,293)	**-**	(56,293)
Lead frame segment profit (loss)	**18,735**	(77,779)	**87,456**	(119,512)
	(34,889)	176,074	**943,426**	2,281,054
Interest income	**2,506**	6,072	**9,766**	21,032
Finance costs	**(3,993)**	(981)	**(8,774)**	(3,884)
Gain from a bargain purchase	**-**	-	**-**	1,084,427
Unallocated other income (expenses)	**6**	(56)	**1,623**	(3)
Unallocated net foreign exchange (loss) gain	**6,658**	(13,049)	**(8,069)**	(28,051)
Unallocated general and administrative expenses	**(23,684)**	(21,507)	**(69,294)**	(65,131)
Profit (loss) before taxation	**(53,396)**	146,553	**868,678**	3,289,444

3. SEGMENT INFORMATION - continued

Segment revenues and results - continued

	Three months ended 31 Dec		Year ended 31 Dec	
	2012	2011	**2012**	2011
Segment profit (loss) %				
Back-end equipment	**(20.7%)**	17.6%	**9.7%**	29.7%
Surface mount technology equipment				
-Before accounting for fair value adjustment to inventory acquired	**10.0%**	5.4%	**9.8%**	12.0%
-After accounting for fair value adjustment to inventory acquired	**10.0%**	5.4%	**9.8%**	9.5%
Lead frame				
-Before accounting for impairment losses recognized in respect of property, plant and equipment	**5.6%**	(6.9%)	**5.3%**	(4.2%)
-After accounting for impairment losses recognized in respect of property, plant and equipment	**5.6%**	(24.9%)	**5.3%**	(7.9%)

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.

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.

3. SEGMENT INFORMATION - continued

Other segment information

2012	Back-end 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	**333,458**	**56,767**	**77,922**	**-**	**468,147**
Additions to investment property	**2,676**	**-**	**-**	**-**	**2,676**
Additions of intangible assets	**-**	**17,316**	**-**	**-**	**17,316**
Amounts included in the measure of segment profit:					
Amortisation for intangible assets	**-**	**13,681**	**-**	**-**	**13,681**
Depreciation of property, plant and equipment	**251,038**	**47,429**	**74,260**	**-**	**372,727**
Depreciation of investment property	**1,115**	**-**	**-**	**-**	**1,115**
(Gain) loss on disposal / write-off of property, plant and equipment	**(16)**	**(568)**	**8**	**-**	**(576)**
Release of prepaid lease payments	**569**	**-**	**428**	**-**	**997**
Research and development expenses	**503,974**	**394,932**	**6,209**	**-**	**905,115**
Share-based payments	**140,999**	**10,619**	**16,248**	**29,266**	**197,132**

3. SEGMENT INFORMATION – continued

Other segment information – continued

2011	Back-end 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 recognized 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
Research and development expenses	466,630	410,712	8,028	-	885,370
Share-based payments	116,706	6,142	12,182	22,442	157,472

3. SEGMENT INFORMATION - continued

Other segment information - continued

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

	Non-current Assets	
	2012	2011
	HK$'000	HK$'000
Mainland China	**1,711,257**	1,647,535
Malaysia	**227,757**	225,401
Singapore	**193,010**	117,062
Europe	**131,848**	123,100
Hong Kong	**49,956**	50,244
Taiwan	**2,529**	2,649
Japan	**919**	941
Others	**4,713**	4,477
	2,321,989	2,171,409

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

Geographical information by location of customers

	Turnover Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
Mainland China	**4,451,562**	5,782,834
Europe	**1,775,886**	2,523,410
Malaysia	**933,838**	921,050
Americas	**903,598**	635,138
Taiwan	**634,559**	788,598
Thailand	**425,922**	356,520
Korea	**361,608**	453,311
Hong Kong	**275,817**	292,348
Philippines	**252,077**	381,807
Japan	**187,286**	515,256
Singapore	**149,430**	183,284
Others	**108,975**	81,638
	10,460,558	12,915,194

4. Analysis of quarterly segment revenue and results for the year ended 31 December 2012

	Three months ended				Change		
	31 December 2012	30 September 2012	30 June 2012	31 March 2012	Q4 vs Q3	Q4 vs Q2	Q4 vs Q1
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	HK$'000	HK$'000	HK$'000	HK$'000			
Segment revenue from external customers							
Back-end equipment	**809,584**	1,541,012	1,608,621	1,064,894	-47.5%	-49.7%	-24.0%
Surface mount technology equipment	**1,134,581**	992,763	845,420	816,697	14.3%	34.2%	38.9%
Lead frame	**335,636**	501,691	472,491	337,168	-33.1%	-29.0%	-0.5%
	2,279,801	3,035,466	2,926,532	2,218,759	-24.9%	-22.1%	2.8%
Segment profit (loss)							
Back-end equipment	**(167,474)**	200,675	307,287	144,688	N/A	N/A	N/A
Surface mount technology equipment	**113,850**	107,697	83,828	65,419	5.7%	35.8%	74.0%
Lead frame	**18,735**	35,747	36,612	(3,638)	-47.6%	-48.8%	N/A
	(34,889)	344,119	427,727	206,469	N/A	N/A	N/A
Interest income	**2,506**	2,082	1,804	3,374	20.4%	38.9%	-25.7%
Finance costs	**(3,993)**	(1,767)	(710)	(2,304)	126.0%	462.4%	73.3%
Unallocated other income (expenses)	**6**	1,620	-	(3)	-99.6%	N/A	N/A
Unallocated net foreign exchange gain (loss)	**6,658**	(15,133)	(5,690)	6,096	N/A	N/A	9.2%
Unallocated general and administrative expenses	**(23,684)**	(18,269)	(20,358)	(6,983)	29.6%	16.3%	239.2%
Profit (loss) before taxation	**(53,396)**	312,652	402,773	206,649	N/A	N/A	N/A
Segment profit (loss) %							
Back-end equipment	**(20.7%)**	13.0%	19.1%	13.6%			
Surface mount technology equipment	**10.0%**	10.8%	9.9%	8.0%			
Lead frame	**5.6%**	7.1%	7.7%	(1.1%)			

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

	Year ended 31 December 2012		
	Back-end Business (Note a)	**SMT Business**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Turnover	**6,671,097**	**3,789,461**	**10,460,558**
Gross profit	**2,021,897**	**1,140,479**	**3,162,376**
EBIT	**509,879**	**357,807**	**867,686**
Gross profit %	**30.3%**	**30.1%**	**30.2%**
EBIT %	**7.6%**	**9.4%**	**8.3%**

	Year ended 31 December 2011					
	Back-end Business (Note a)	SMT Business	Total before effect of acquisition-date fair value increase of inventories and gain from a bargain purchase	Effect of acquisition-date fair value increase of inventories	Gain from a bargain purchase	Total after effect of acquisition-date fair value increase of inventories and gain from a bargain purchase
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	8,040,094	4,875,100	12,915,194	-	-	12,915,194
Gross profit	3,169,339	1,378,026	4,547,365	(120,888)	-	4,426,477
EBIT	1,727,780	580,978	2,308,758	(120,888)	1,084,427	3,272,297
Gross profit %	39.4%	28.3%	35.2%			34.3%
EBIT%	21.5%	11.9%	17.9%			25.3%

5. An analysis of the Group's turnover, gross profit and earnings (loss) before interest and tax ("EBIT (LBIT)") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow: - continued

	Three months ended 31 December 2012		
	Back-end Business (Note a)	**SMT Business**	**Total**
	(unaudited) HK$'000	**(unaudited) HK$'000**	**(unaudited) HK$'000**
Turnover	**1,145,220**	**1,134,581**	**2,279,801**
Gross profit	**212,007**	**321,477**	**533,484**
EBIT (LBIT)	**(158,402)**	**106,492**	**(51,910)**
Gross profit %	**18.5%**	**28.3%**	**23.4%**
EBIT (LBIT) %	**(13.8%)**	**9.4%**	**(2.3%)**

	Three months ended 31 December 2011		
	Back-end Business (Note a)	SMT Business	Total
	(unaudited) HK$'000	(unaudited) HK$'000	(unaudited) HK$'000
Turnover	1,411,283	1,106,216	2,517,499
Gross profit	469,788	273,513	743,301
EBIT	87,982	53,480	141,462
Gross profit %	33.3%	24.7%	29.5%
EBIT %	6.2%	4.8%	5.6%

Note a: Back-end Business: Back-end Equipment and Lead Frame

6. DEPRECIATION AND AMORTISATION

During the year, depreciation, amortisation and release of prepaid lease payment total amounting to HK$389 million (2011: HK$348 million) were charged to profit or loss in respect of the Group's property, plant and equipment, investment property, intangible assets and prepaid lease payment.

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
The losses comprise:		
Net foreign exchange losses	**(24,540)**	(11,102)
Impairment losses recognised in respect of property plant and equipment	**-**	(56,293)
Gain (loss) on disposal / write-off of property, plant and equipment	**576**	(984)
Gain (loss) on fair value change of derivative financial instruments	**16,471**	(16,949)
	(7,493)	(85,328)

8. Acquisition of subsidiaries

During the year ended 31 December 2011, the Company has recognised gain from a bargain purchase of HK$1.08 billion (2012: HK$nil) arising from the Acquisition 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.

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**37,900**	116,351
PRC Enterprise Income Tax	**64,298**	105,735
Other jurisdictions	**148,105**	396,925
	250,303	619,011
Under(over) provision in prior years:		
Hong Kong	**(375)**	(1,214)
PRC Enterprise Income Tax	**315**	1,919
Other jurisdictions	**11,532**	(67)
	11,472	638
Deferred tax credit		
Current year	**(82,091)**	(262,185)
	179,684	357,464

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(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 rate for the Group's subsidiaries in the PRC is 25% for the year ended 31 December 2012 (2011: ranged from 24% to 25%).

(c) On 12 July 2010, the Singapore Economic Development Board ("EDB") granted a Pioneer Certificate to ASM Technology Singapore Pte Limited ("ATS"), a principal subsidiary of the Company, to the effect that profits arising from certain new back-end equipment 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 tax at 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.

9. INCOME TAX EXPENSE – continued

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% (2011: 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. The applicable German trade tax (local income tax) rate was 17.00%. Thus the aggregate tax rate amounts to 32.825% (2011: 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 2012 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 or tax adjustments to companies currently subject to Hong Kong Profits Tax. As at 31 December 2012, the Group purchased tax reserve certificates amounting to HK$234,929,000 (2011: HK$184,329,000).

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.

10. DIVIDENDS

	Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
<u>Dividend recognised as distribution during the year</u>		
Interim dividend paid for 2012 of HK$0.61 (2011: HK$1.60) per share on 397,637,100 (2011: 396,119,000) shares	**242,559**	633,790
Final dividend paid for 2011 of HK$0.80 (2011: final dividend paid for 2010 of HK$2.10) per share on 397,637,100 (2011: 396,119,000) shares	**318,110**	831,850
Special dividend paid for 2011 of HK$nil (2011: special dividend paid for 2010 of HK$1.10) per share on 397,637,100 (2011: 396,119,000) shares	-	435,731
	560,669	1,901,371
<u>Dividend proposed after the year end</u>		
Proposed final dividend for 2012 of HK$0.30 (2011: HK$0.80) per share on 399,244,500 (2011: 397,637,100) shares	**119,773**	318,110

No special dividend has been proposed by the directors for the year ended 31 December 2012 and 2011.

The final dividend of HK$0.30 (2011: final dividend of HK$0.80) per share in respect of the year ended 31 December 2012 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS (LOSS) PER SHARE

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2012	2011	**2012**	2011
	(unaudited)	(unaudited and restated)	**(audited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (Profit (loss) for the period)	**(44,129)**	126,467	**688,994**	2,931,980
	Number of shares (in thousands)		**Number of shares (in thousands)**	
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**397,667**	396,399	**397,478**	396,190
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,320**	1,479	**1,192**	1,419
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**398,987**	397,878	**398,670**	397,609

12. TRADE RECEIVABLES

Included in trade and other receivables are trade receivables with the aging analysis presented based on the due date at the end of the reporting period as follows:

	At 31 December	
	2012	2011
	HK$'000	HK$'000
Not yet due	**1,721,565**	1,529,797
Overdue within 30 days	**218,882**	278,745
Overdue within 31 to 60 days	**111,407**	101,536
Overdue within 61 to 90 days	**57,453**	77,784
Overdue over 90 days	**159,847**	111,020
	2,269,154	2,098,882

13. TRADE PAYABLES

Included in trade and other payables are trade payables with the aging analysis presented based on the due date at the end of the reporting period as follows:

	At 31 December	
	2012	2011
	HK$'000	HK$'000
Not yet due	**552,157**	530,029
Overdue within 30 days	**130,659**	106,723
Overdue within 31 to 60 days	**115,331**	52,845
Overdue within 61 to 90 days	**83,389**	27,960
Overdue over 90 days	**60,402**	84,801
	941,938	802,358

14. Effect of restatements in accordance with HKFRS 3 (Revised) on the results of the Group:

	Three months ended 31 December 2011		
	(Unaudited and originally stated) HK$'000	Effect of subsequent fair value adjustments HK$'000	(Unaudited and restated) HK$'000
Turnover	2,517,499	-	2,517,499
Cost of sales	(1,774,198)	-	(1,774,198)
Gross profit	743,301	-	743,301
Other income	14,622	-	14,622
Selling and distribution expenses	(209,508)	-	(209,508)
General and administrative expenses	(109,575)	-	(109,575)
Research and development expenses	(221,769)	-	(221,769)
Other gains and losses	(69,537)	-	(69,537)
Gain from a bargain purchase	30,862	(30,862)	-
Finance costs	(981)	-	(981)
Profit before taxation	177,415	(30,862)	146,553
Income tax expense	9,031	(29,117)	(20,086)
Profit for the period, attributable to owners of the Company	186,446	(59,979)	126,467
Other comprehensive expense			
- Exchange differences on translation of foreign operations	(69,907)	-	(69,907)
- Actuarial loss on retirement benefit plans, net of tax	(8,485)	-	(8,485)
Other comprehensive expense for the period	(78,392)	-	(78,392)
Total comprehensive income for the period, attributable to owners of the Company	108,054	(59,979)	48,075
Earnings per share			
- Basic	HK$0.47		HK$0.32
- Diluted	HK$0.46		HK$0.31

REVIEW

Although 2012 started promisingly enough, in retrospect, macroeconomic concerns again surfaced as the tide started to turn. During the first half of 2012, the semiconductor material and assembly equipment markets appeared to pick up quite strongly. The LED equipment market was on its way to recovery after a slump, albeit at a relatively slow pace.

However, the slow economic recovery in the USA, the debt crisis in Europe and the deceleration of economic growth in the emerging economies, in particular China, adversely affected the confidence of investors and consumers. This led to a global slowdown in consumer demand. As a result, the nascent recovery in the semiconductor market experienced in the first half of last year turned out to be a short-lived one.

As from the third quarter of last year, the semiconductor material and equipment markets contracted sharply as compared to the second quarter. The rate of market contraction during the second half of last year surprisingly deviated from normal seasonal patterns. In the past, such a significant contraction would only be observed during industry recessions. This contraction served, amongst other things, to disrupt the recovery momentum of the LED equipment market. Although the SMT equipment market was originally expected to recover by the middle of last year, the much-anticipated recovery did not finally materialize due to the weakened investor confidence and demand.

China has been the largest market for the Group for many years, and it still is. The slowdown in the China market probably had the greatest negative impact on the Group's performance last year.

Overall, Group revenue for 2012 was US$1,348.7 million, representing a contraction of 19.0% compared to 2011.

Despite the challenges that we faced last year, we successfully returned our Lead frame business to profitability, making it our star performer last year. This result was assisted by stable metal prices and our success in convincing our customers to accept either a floating price formula or price increases. Higher capacity utilization and our ongoing cost reduction efforts also contributed to the improvement in profitability of our Lead frame business.

With its strong performances in the second and third quarters of last year, the revenue of our Lead frame business attained another new record of US$212.3 million, representing a growth of 8.8% from the year before. Last year, our Lead frame revenue contributed to 15.8% of the Group's total revenue.

Our Back-end equipment business (formerly referred to as the Assembly and Packaging equipment business), which consists of the IC, discrete, CIS (CMOS image sensor) and LED equipment businesses, experienced a strong pick-up starting from the latter part of the first quarter of last year. Unfortunately, the unfavourable economic and market conditions served to stall the initial momentum during the second half of 2012, thereby halting the promising improvement and adversely impacting the profitability of our Back-end equipment business. In particular, gross margins for Back-end equipment were negatively affected by the product mix, lower capacity utilization and average selling prices.

Revenue of our Back-end equipment business contracted by 23.0% last year to US$647.9 million, contributing 48.0% of the Group's total revenue.

Due to the prolonged market slowdown, the revenue of our SMT equipment business contracted by 22.3% from 2011 to US$488.5 million. The SMT equipment business contributed to 36.2% of the Group's total revenue.

REVIEW – continued

Although last year was a challenging year for our SMT equipment business, we are glad that it has demonstrated its strong resilience by successfully withstanding the challenges brought about by the deteriorating market and economic conditions. Despite significantly lower revenues, it maintained its profitability during every quarter of last year. In fact, its gross margins have even improved as compared to 2011. It was a commendable performance by the newest member of our Group.

Indeed, we are making good progress in our SMT equipment business. Last year, we successfully penetrated into many new accounts, including an important customer for the manufacturing of smart phones. Assisted by our Chip Assembly (CA) machines, we are moving into non-traditional SMT placement markets. We are confident that our SMT equipment business is on its way to achieve even better performances and to increasingly contribute to enhancing the financial performance of the Group.

As a result of the underlying negative macroeconomic factors, our overall profitability last year was unsatisfactory. We have thus put in place an aggressive cost reduction programme to drive the necessary improvement. The level of outsourcing will also be further increased during future market ramp-ups to improve our flexibility in controlling production costs.

New order bookings for 2012 was US$1.32 billion, a slight decline of 4.0% as compared to 2011. In fact, new order bookings in respect of our Lead frames and Back-end equipment businesses actually improved over 2011. Book to bill ratio was 0.98, and our backlog as of the end of last year was US$260.7 million.

One of ASM's traditional strengths is its broad customer base, which continues to be geographically well-diversified. By geographical distribution, China (including Hong Kong) (45.2%), Europe (17.0%), Malaysia (8.9%), the Americas (8.6%) and Taiwan (6.1%) were the top five markets for ASM in 2012. Led by the SMT equipment business, we continue to make steady progress in the Americas market. Due to the unfavourable economic conditions, the contributions from the markets in China and Europe to the Group have decreased, but these still remain as our largest markets.

We also continue to build our business on a wide mix and spread of customers. In 2012, our top 5 customers contributed to 16.4% of our total revenue. 80% of the Group revenue in 2012 came from 191 customers. Out of our top 20 customers, 6 were from the SMT equipment business, and of which 2 were key customers for both the Back-end equipment business and the SMT equipment business.

The market contracted sharply during the second half of last year. As a result new order bookings for the second half of the year decreased by 37.2% as compared to the preceding six months. In fact, 61.4% of the Group's new order bookings last year was received in the first six months.

Nevertheless, due to a strong backlog situation, we were able to maintain billings for the second half of last year at a similar level to the first half of last year. Group billings for the second half of last year were at US$685.6 million, representing a slight increase of 3.3% over the first half year but 4.5% below the same period of 2011.

The SMT equipment business registered the largest growth of 28.0%. SMT equipment revenue for the last six months of 2012 was US$274.4 million, contributing to 40.0% of the Group revenue. SMT equipment revenue was 13.7% below the same period of 2011.

REVIEW – continued

Lead frame revenue for the second half of last year was US$108 million, representing increases of 3.4% and 18.0% over the first half of 2012 and the second half of 2011 respectively. The Back-end equipment business suffered contractions of 12.1% and 1.7% over the first half of 2012 and the second half of 2011 respectively. This resulted in Back-end equipment revenues of US$303.2 million for the second half of last year.

The product mix and reduced Back-end equipment revenue negatively affected the Group's profitability in the second half of last year, despite increased revenues for both the Lead frame and SMT equipment businesses.

During the second half of last year, we did notice that capacity utilization of our LED customers experienced a reduction, although the magnitude was not severe. We believe that the challenging market conditions during the second half of last year only temporarily derailed the recovery of the LED market. We also noticed that the market was stabilizing towards the end of last year. Bookings for the Group in the fourth quarter of last year were at a similar level to that of the previous quarter, indicating that the market had stabilized.

Bookings were at US$250.3 million, representing an increase of 4.1% over the same period of the previous year and a decrease of 3.7% from the preceding quarter, respectively.

As we had predicted at the beginning of the fourth quarter of last year, bookings for our Lead frame business began to bounce back from the low levels which were experienced in the preceding third quarter. Lead frame bookings were also at a level just slightly below the level of the same period a year ago. While we consider that Lead frame bookings were still at a low level, the quarter-on-quarter growth rate nevertheless amounted to a strong double-digit improvement.

The fourth-quarter bookings for our SMT equipment improved slightly over the preceding quarter. It also registered a double-digit year-on-year growth. We are particularly pleased that there are signs that the SMT equipment market in China appears to be on its way to recovery.

The Back-end equipment business was the only business segment which registered a further decline in new order bookings during the fourth quarter of last year. Still, the quarterly rate of decline had reduced significantly, again a sign that the market is stabilizing. In fact, bookings were just slightly below the level of the same quarter a year ago.

During the fourth quarter of 2012, Group revenue was US$294.1 million, representing declines of 24.9% and 9.4% compared to the preceding quarter and the same period of last year, respectively.

Back-end equipment revenue was US$104.4 million, representing declines of 47.5% and 26.3% compared to the preceding quarter and the same quarter of last year, respectively. Back-end equipment revenue contributed to 35.5% of the Group's revenue. Lead frame revenue was US$43.3 million, representing a decline of 33.1% against the preceding quarter and an increase of 7.4% compared to the same quarter of last year. Lead frame revenue represented 14.7% of the Group's revenue in the fourth quarter. SMT equipment revenue was US$146.4 million, representing increases of 14.3% and 2.6% compared to the third quarter and to the same period in 2011, respectively. SMT equipment revenue contributed to 49.8% of the Group's revenue in the fourth quarter.

Due to the sharp contraction of the Back-end business, the Group suffered a loss in the fourth quarter, although both the SMT equipment and Lead frame businesses stayed profitable throughout this demanding period.

LIQUIDITY AND FINANCIAL RESOURCES

Cash on hand as of 31 December 2012 was HK$1,487 million (2011: HK$1,628 million). During the twelve-month period, HK$560.7 million was paid as dividends (2011: HK$1,901.4 million). Capital addition during the period amounted to HK$542.0 million (2011: HK$807.7 million), which was partially funded by the year's depreciation and amortization of HK$389.0 million (2011: HK$348.0 million). Accounts receivable have been tightly monitored during the year. With slower sales during the second half of 2012, accounts receivable increased to 79.4 days sales outstanding (2011: 59.3 days).

As of 31 December 2012, current ratio was 2.25, with a debt-equity ratio of 55.9%. The Group had available bank loans and overdraft facilities of US$344.4 million or its equivalent, out of which US$100.0 million or its equivalent were committed facilities. As of 31 December 2012, US$106.4 million of the Group's bank loan and overdraft facilities was drawn down, out of which utilization of committed facilities was US$25.0 million. The Group's shareholders' funds increased to HK$6,557 million as at 31 December 2012 (2011: HK$6,266 million).

The Group has moderate currency exposure. Majority of our sales were denominated in U.S. dollars, Euros and Chinese Renminbi. On the other hand, the disbursements were mainly in U.S. dollars, Euros, Hong Kong dollars, Singapore dollars, Malaysian Ringgit and Chinese 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 Euro had 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 in January 2011 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, the aforesaid commitment and our cash on hand, the Board recommends a final dividend of HK$0.30 per share. Excluding the earnings from the SMT equipment business, the dividend payout ratio for 2012 is 82.5%. 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 2012, total headcount of the Group worldwide was approximately 15,800 people, of whom 1,300 were based in Hong Kong and 14,500 were based in Mainland China and other locations overseas.

Total manpower costs for 2012 were HK$3,135 million, as compared with HK$3,046 million for 2011.

PROSPECTS

There are signs that the market slowdown had stabilized towards the end of last year, indicating that we have probably come off the bottom of the current industry cycle. Although we cannot predict the rate of recovery at this moment, we are of the opinion that the market is gradually working its way upwards from the downturn. Some analysts have even forecasted that the semiconductor industry is on its way to sustainable multi-year growth.

Smart phones and tablet computers have become the most important drivers of the semiconductor market. Many observers have commented that we have already entered the era of personal mobile computing. The demand for such devices and gadgets is not likely to shrink in the near future. In fact, demand for low-price smart phones and tablet computers catering to the emerging markets can be expected to be an important driver of growth in the foreseeable future.

For instance, tablet computer shipments are expected to exceed notebook computer shipments by 2013 in many markets. With many players entering the market, we expect that the shifting market dynamics will create new opportunities in the form of the variety of devices, different price points and screen sizes, and innovative business models to drive the growth of tablet computers.

Improvements in LED technology and manufacturing, as well as continuous decrease in the pricing of LED components will benefit manufacturers of LED lighting. On the part of consumers, the growing awareness about the benefits of LED lighting, general satisfaction with the quality of products, and steady decrease in pricing of LED lighting will continue to fuel increasing market penetration, especially in the commercial segment (such as the retail and hospitality sectors) as economic growth recovers.

Ultimately, the prevailing macroeconomic conditions will have a major influence on the semiconductor market. The uncertainties surrounding the prospects for an upturn in global economic growth are the major retardants to consumer spending. This uncertainty has caused pessimistic business and consumer sentiments throughout the world. Much of this uncertainty appears to be nearing resolution, and as it does, the industry would be hopeful for investment to be reinvigorated, hastening a long-awaited acceleration of demand for capital equipment in 2013. Moreover, many industry participants predict that the current inventory correction cycle of the global semiconductor industry is coming to an end. These factors have the potential to spur a growth year ahead for the industry.

There are various indications that the world economy is gradually improving. The economy of the USA seems to be on a path to recovery, although the pace of the recovery is not as fast as many people would prefer. China seems to have avoided a hard landing to its economy despite a slowdown. Many analysts consider that China had successfully turned its economy towards greater internal consumption. While the external market for China-made goods may still be challenging, there is a general belief that the increased internal consumption will put the economic growth rate of China back into a state of expansion.

Therefore, there are encouraging signs that our industry is not far away from entering a period of growth, although no one is exactly sure when it will materialize. Many people in the industry believe that the likely timing will be the second half of this year or it may commence as early as the second quarter. In fact, we are expecting our Back-end equipment and Lead frame bookings in Q1 2013 to improve over the preceding quarter. However, until the market really picks up, market conditions will continue to be challenging.

PROSPECTS– continued

Besides growing alongside the anticipated recovery in the market, ASM aims to achieve growth by gaining market share and participating in new technologies addressing the future needs of the industry. With the popularity of smart phones and tablet computers, we expect demand for the so-called 2.5D and 3D packaging will accelerate. ASM has been investing aggressively in this area, developing technologies and solutions for both bonding and encapsulation. We expect our investment to bring meaningful returns in the foreseeable future.

The market has changed significantly in the past few years. Our customers are keen to aggressively develop new packaging solutions, and ASM has been selected by many of them as their technology partner. Unlike our peers, which are mainly players in specific product segments, ASM has a strong R&D team, comprehensive knowledge in the entire assembly process of semiconductor packaging and SMT placement, the broadest product portfolio and a strong financial background. We realize that when it comes to picking their technology development partner, many of our customers give significant weight to these factors.

We believe that our strategy of investing for the future, our potential for further market share gain in the SMT equipment business, the growing Lead frame and Back-end equipment businesses and our strong market position in the LED market are all strengths that enhance ASM's outlook for the future.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Employee Share Incentive Scheme, pursuant to the terms of the rules and trust deed of the Employee Share Incentive Scheme, purchased on the Exchange a total of 328,000 shares in the Company. The cost of purchase of these shares amounted to HK$37 million.

CORPORATE GOVERNANCE

At the 2012 annual general meeting ("AGM") of the Company held on 27 April 2012, the shareholders of the Company approved the Board's proposal to amend the Company's Articles of Association, which related to (i) the term of appointment of each director shall not be more than three years; (ii) changes to reflect the latest amendments to the Listing Rules, and (iii) certain housekeeping amendments. The shareholders of the Company had also approved the Board's proposal to have the current term of appointment for all existing directors to expire on end of the third annual general meeting since their last appointment.

The revised Articles of Association are available on the website of the Company and Hong Kong Stock Exchange.

On 1 April 2012, the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules was amended and renamed as Corporate Governance Code and Corporate Governance Report ("Revised CG Code").

The Company has complied with all the code provisions in the CG Code during the period from 1 January 2012 to 31 March 2012 and has complied with the Revised CG Code during the period from 1 April 2012 to 31 December 2012.

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

CORPORATE GOVERNANCE– continued

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 2012.

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 2012 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 2012 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, Mr. John Lok Kam Chong and Mr. Wong Hon Yee as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 5 March 2013