ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2014 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

ASMPT Received Record New Order Bookings During The 1st Half of 2014

Second Quarter of 2014

- **Group turnover of US$443.3 million, significant increases of 37.9% and 20.6% over the preceding quarter and the same period last year, respectively**
- **Net profit of HK$417.1 million, representing surge of 166.2% and 81.1% over the preceding quarter and the same period last year, respectively**
- **Earnings per share of HK$1.04 for the second quarter 2014**
- **All three business segments registered improvement in profits against the preceding quarter**
- **Back-end equipment turnover of US$238.8 million, representing strong increases of 45.9% and 24.1% over the preceding three months and the same period last year, respectively**
- **Record Lead frame turnover of US$65.2 million, representing increases of 14.3% and 5.9% over the preceding three months and the same period last year, respectively**
- **SMT equipment turnover of US$139.3 million, representing strong increases of 38.1% and 22.7% over the preceding three months and the same period last year, respectively**
- **Record new order bookings of US$631.3 million, a surge of 56.5% over the preceding quarter**
- **Cash on hand of HK$3.2 billion as of 30 June 2014**

First Half of 2014

- **Group turnover of US$764.6 million, representing increases of 19.2% and 1.1% over the first and second six-month period of last year, respectively**
- **Net profit of HK$573.8 million, representing surge of 140.8% and 79.1% as compared to the first and second six-month period of 2013, respectively**
- **Earnings per share of HK$1.43 for the first half of 2014**
- **Back-end equipment turnover of US$402.2 million, representing increases of 27.9% and 13.0% over the first and second six-month period of last year, respectively**
- **Record Lead frame turnover of US$122.3 million, representing increases of 13.1% and 7.1% over the first and second six-month periods of last year, respectively**
- **SMT equipment turnover of US$240.1 million, an increase of 9.7% against the first six-month period of 2013 and a decline of 16.1% against the second six-month period of 2013**
- **Record new order bookings of US$1,034.7 million, a surge of 56.7% over the preceding six-month period**
- **Order backlog stood at US$527.6 million as of 30 June 2014**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2014:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved a turnover amounting to HK$5.9 billion in the six months ended 30 June 2014, representing an increase of 19.2% as compared with HK$5.0 billion for the first six months of 2013 and an increase of 1.1% against the preceding six months. The Group's consolidated profit after taxation for the first six months of 2014 was HK$573.8 million as compared to a profit of HK$238.3 million in the corresponding period in 2013 and a profit of HK$320.3 million in the preceding six months. Basic earnings per share (EPS) for the first six months of 2014 amounted to HK$1.43 (first six months of 2013: HK$0.60, second six months of 2013: HK$0.80).

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$0.80 (2013: HK$0.35) per share, payable to shareholders whose names appear on the register of members of the Company on 22 August 2014.

The Register of Members will be closed from 20 August 2014 to 22 August 2014, both days inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant shares certificates, must be lodged with Company's Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00p.m. on 19 August 2014. The interim dividend will be paid on or about 29 August 2014.

FINANCIAL HIGHLIGHTS

		Three months ended 30 June		Six months ended 30 June	
		2014	2013	**2014**	2013
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Turnover	2	**3,437,640**	2,850,162	**5,931,073**	4,975,678
Cost of sales		**(2,241,207)**	(1,950,737)	**(3,926,888)**	(3,531,168)
Gross profit	4	**1,196,433**	899,425	**2,004,185**	1,444,510
Other income		**5,961**	7,681	**7,756**	8,840
Selling and distribution expenses		**(266,617)**	(234,091)	**(500,266)**	(440,126)
General and administrative expenses		**(145,053)**	(128,034)	**(272,309)**	(241,371)
Research and development expenses		**(271,589)**	(241,485)	**(507,025)**	(453,150)
Other gains and losses	6	**26,194**	11,259	**17,271**	22,072
Finance costs	7	**(36,995)**	(4,568)	**(43,211)**	(9,540)
Profit before taxation		**508,334**	310,187	**706,401**	331,235
Income tax expense	8	**(91,193)**	(79,863)	**(132,569)**	(92,959)
Profit for the period, attributable to owners of the Company		**417,141**	230,324	**573,832**	238,276
Other comprehensive (expense) income					
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss		**(17,531)**	37,997	**(25,994)**	(10,932)
Total comprehensive income for the period, attributable to owners of the Company		**399,610**	268,321	**547,838**	227,344
Earnings per share	10				
- Basic		**HK$1.04**	HK$0.58	**HK$1.43**	HK$0.60
- Diluted		**HK$1.04**	HK$0.58	**HK$1.43**	HK$0.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2014 (Unaudited) HK$'000**	At 31 December 2013 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**1,955,733**	2,000,800
Investment property		**68,796**	70,215
Intangible assets		**13,874**	9,650
Prepaid lease payments		**26,424**	26,983
Pledged bank deposit		**-**	213,866
Deposits paid for acquisition of property, plant and equipment		**57,956**	61,490
Rental deposits paid		**15,311**	16,719
Deferred tax assets		**243,309**	242,427
Other non-current assets		**79,050**	79,459
		2,460,453	2,721,609
Current assets			
Inventories		**3,799,027**	3,236,119
Trade and other receivables	11	**4,021,787**	3,115,798
Prepaid lease payments		**981**	974
Derivative financial instruments		**476**	4,225
Income tax recoverable		**77,859**	65,152
Pledged bank deposit		**211,716**	-
Bank balances and cash		**3,151,650**	1,596,592
		11,263,496	8,018,860
Current liabilities			
Trade and other payables	12	**2,819,224**	2,151,810
Derivative financial instruments		**733**	-
Provisions		**355,371**	348,901
Income tax payable		**204,645**	251,781
Bank borrowings		**209,053**	550,778
		3,589,026	3,303,270
Net current assets		**7,674,470**	4,715,590
		10,134,923	7,437,199

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Notes	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Capital and reserves			
Share capital		**40,063**	40,063
Dividend reserve		**320,507**	200,317
Other reserves		**7,374,460**	6,840,885
Equity attributable to owners of the Company		**7,735,030**	7,081,265
Non-current liabilities			
Convertible bonds	13	**2,116,804**	-
Retirement benefit obligations		**93,664**	83,133
Provisions		**68,970**	85,224
Bank borrowings		**80,736**	145,384
Deferred tax liabilities		**5,638**	5,783
Other liabilities and accruals		**34,081**	36,410
		2,399,893	355,934
		10,134,923	7,437,199

Notes:

1. **Principal accounting policies**

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013. In addition, the Group has applied the following accounting policy for convertible bonds issued during the current interim period:

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is classified as an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognized in equity will be transferred to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

In the current interim period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group's financial year beginning 1 January 2014.

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

2. Segment information

The Group has three operating segments: development, production and sales of back-end equipment, surface mount technology equipment and lead frame. They represent three major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Chief Executive Officer, the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the 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, unallocated other income, unallocated net foreign exchange (loss) gain and unallocated general and administrative expenses.

Segment revenue and results

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Segment revenue from external customers		
Back-end equipment	**3,119,905**	2,438,945
Surface mount technology ("SMT") equipment	**1,862,717**	1,698,017
Lead frame	**948,451**	838,716
	5,931,073	4,975,678
Segment profit		
Back-end equipment	**559,616**	219,243
SMT equipment	**128,778**	60,070
Lead frame	**93,981**	58,358
	782,375	337,671
Interest income	**4,650**	1,691
Finance costs	**(43,211)**	(9,540)
Unallocated other income	**101**	73
Unallocated net foreign exchange (loss) gain	**(10,219)**	24,165
Unallocated general and administrative expenses	**(27,295)**	(22,825)
Profit before taxation	**706,401**	331,235
Segment profit %		
Back-end equipment	**17.9%**	9.0%
SMT equipment	**6.9%**	3.5%
Lead frame	**9.9%**	7.0%

2. Segment information – continued

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

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

Geographical analysis of turnover by location of customers

	Turnover Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China	**2,556,388**	2,044,476
Europe	**756,079**	621,176
- Germany	**252,141**	280,407
- Hungary	**85,293**	30,729
- Romania	**48,247**	52,285
- Others	**370,398**	257,755
Malaysia	**574,076**	423,560
Americas	**566,382**	555,896
- United States of America	**353,738**	431,157
- Mexico	**99,372**	88,601
- Canada	**79,569**	28,680
- Others	**33,703**	7,458
Taiwan	**409,587**	322,209
Hong Kong	**326,799**	251,200
Thailand	**209,913**	177,683
Korea	**169,880**	281,719
Philippines	**160,828**	145,333
Japan	**77,567**	47,280
Singapore	**70,501**	80,353
Others	**53,073**	24,793
	5,931,073	4,975,678

3. Analysis of quarterly segment revenue and results for the three months ended 30 June 2014

	Three months ended		
	30 June 2014	31 March 2014	30 June 2013
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000
Segment revenue from external customers			
Back-end equipment	**1,851,268**	1,268,637	1,491,925
SMT equipment	**1,080,491**	782,226	880,560
Lead frame	**505,881**	442,570	477,677
	3,437,640	2,493,433	2,850,162
Segment profit			
Back-end equipment	**388,176**	171,440	217,836
SMT equipment	**109,472**	19,306	57,236
Lead frame	**56,735**	37,246	40,603
	554,383	227,992	315,675
Interest income	**3,457**	1,193	759
Finance costs	**(36,995)**	(6,216)	(4,568)
Unallocated other income	**101**	-	76
Unallocated net foreign exchange (loss) gain	**(365)**	(9,854)	13,194
Unallocated general and administrative expenses	**(12,247)**	(15,048)	(14,949)
Profit before taxation	**508,334**	198,067	310,187
Segment profit %			
Back-end equipment	**21.0%**	13.5%	14.6%
SMT equipment	**10.1%**	2.5%	6.5%
Lead frame	**11.2%**	8.4%	8.5%

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax ("EBIT") by business is as follows:

	Six months ended 30 June 2014		
	Back-end Business (Note)	**SMT Business**	**Total**
	(Unaudited) HK$'000	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**
Turnover	**4,068,356**	**1,862,717**	**5,931,073**
Gross Profit	**1,424,065**	**580,120**	**2,004,185**
EBIT	**611,712**	**133,251**	**744,963**
Gross Profit %	**35.0%**	**31.1%**	**33.8%**
EBIT %	**15.0%**	**7.2%**	**12.6%**

	Six months ended 30 June 2013		
	Back-end Business (Note)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	3,277,661	1,698,017	4,975,678
Gross Profit	957,384	487,126	1,444,510
EBIT	272,931	66,152	339,083
Gross Profit %	29.2%	28.7%	29.0%
EBIT %	8.3%	3.9%	6.8%

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax ("EBIT") by business is as follows: - continued

	Three months ended 30 June 2014		
	Back-end Business (Note)	**SMT Business**	**Total**
	(Unaudited) HK$'000	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**
Turnover	**2,357,149**	**1,080,491**	**3,437,640**
Gross Profit	**870,565**	**325,868**	**1,196,433**
EBIT	**427,443**	**114,430**	**541,873**
Gross Profit %	**36.9%**	**30.2%**	**34.8%**
EBIT %	**18.1%**	**10.6%**	**15.8%**

	Three months ended 30 June 2013		
	Back-end Business (Note)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	1,969,602	880,560	2,850,162
Gross Profit	621,070	278,355	899,425
EBIT	257,541	56,453	313,994
Gross Profit %	31.5%	31.6%	31.6%
EBIT %	13.1%	6.4%	11.0%

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax ("EBIT") by business is as follows: - continued

	Three months ended 31 March 2014		
	Back-end Business (Note)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	1,711,207	782,226	2,493,433
Gross Profit	553,500	254,252	807,752
EBIT	184,269	18,821	203,090
Gross Profit %	32.3%	32.5%	32.4%
EBIT %	10.8%	2.4%	8.1%

	Three months ended 31 March 2013		
	Back-end Business (Note)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	1,308,059	817,457	2,125,516
Gross Profit	336,314	208,771	545,085
EBIT	15,390	9,699	25,089
Gross Profit %	25.7%	25.5%	25.6%
EBIT %	1.2%	1.2%	1.2%

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

5. Depreciation and amortization

During the period, depreciation and amortization amounting to HK$185.5 million (HK$203.4 million for the six months ended 30 June 2013), HK$0.8 million (HK$0.7 million for the six months ended 30 June 2013) and HK$4.1 million (HK$5.6 million for the six months ended 30 June 2013) were charged to profit or loss in respect of the Group's property, plant and equipment, investment property and intangible assets, respectively.

6. Other gains and losses

During the period, included in other gains and losses are net foreign exchange loss of HK$10.2 million (net foreign exchange gain of HK$24.2 million for the six months ended 30 June 2013) and a reversal of legal provision of HK$26.4 million (nil for the six months ended 30 June 2013) as it has become highly unlikely that there is still a risk arising from the alleged claims of a supplier for which the legal provision was made.

7. Finance costs

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable with five years	**5,794**	7,566
Interest on convertible bonds (note 13)	**36,002**	-
Others	**1,415**	1,974
	43,211	9,540

8. Income tax expense

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**21,580**	18,704
PRC Enterprise Income Tax	**40,588**	66,461
Other jurisdictions	**73,805**	63,100
	135,973	148,265
Deferred tax credit:		
Current period	**(3,404)**	(55,306)
	132,569	92,959

Current tax:

(a) Hong Kong Profits Tax is calculated at 16.5% (16.5% for the six months ended 30 June 2013) of the estimated assessable profit for the period.

8. 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 is 25% for the six months ended 30 June 2014 (25% for the six months ended 30 June 2013).

(c) On 12 July 2010, the Singapore Economic Development Board ("EDB") granted a Pioneer Certificate to ASM Technology Singapore Pte Ltd. ("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 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.

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% (17% for the six months ended 30 June 2013).

(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 the assessable profit for the period. In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rate was 17.00%. Thus the aggregate tax rate amounts to 32.825% (32.825% for the six months ended 30 June 2013).

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

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

The Group continued to receive letters from the Hong Kong Inland Revenue Department during the six months ended 30 June 2014 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 30 June 2014, the Group purchased tax reserve certificates amounting to HK$323.8 million (31 December 2013: HK$298.5 million), as disclosed in note 11.

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 condensed consolidated financial statements and the amounts paid under the tax reserve certificates are fully recoverable.

9. Dividends

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
<u>Dividend recognized as distribution during the period</u>		
Final dividend for 2013 paid of HK$0.50 (2013: final dividend for 2012 paid of HK$0.30) per share on 400,633,700 (2013: 399,244,500) shares	**200,317**	119,773
<u>Dividend declared after the end of the interim reporting period</u>		
Interim dividend for 2014 of HK$0.80 (2013: HK$0.35) per share on 400,633,700 (2013: 399,244,500) shares	**320,507**	139,736

The dividends declared after 30 June 2014 will be paid to the shareholders of the Company whose names appear on the Register of Members on 22 August 2014.

10. Earnings per share

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**573,832**	238,276
	Number of Shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**400,527**	399,105
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**548**	338
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**401,075**	399,443

Note: The computation of diluted earnings per share for the six months ended 30 June 2014 did not assume the conversion of the Company's outstanding convertible bonds because the assumed conversion would result in an increase in earnings per share.

11. Trade and other receivables

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Trade receivables (Note a)	**3,286,609**	2,475,927
Amount recoverable from Siemens AG (Note b)	**37,049**	52,741
Value added tax recoverable	**202,715**	170,132
Tax reserve certificate recoverable	**323,829**	298,529
Other receivables, deposits and prepayments	**186,896**	135,188
	4,037,098	3,132,517
Less : Non-current rental deposits paid shown under non-current assets	**(15,311)**	(16,719)
	4,021,787	3,115,798

An aging analysis of trade receivables presented based on the due date at the end of reporting period is as follows:

Not yet due (Note a)	**2,542,256**	1,939,899
Overdue within 30 days	**407,863**	234,819
Overdue within 31 to 60 days	**176,415**	108,539
Overdue within 61 to 90 days	**66,869**	75,499
Overdue over 90 days	**93,206**	117,171
	3,286,609	2,475,927

Notes:

(a) The amount included notes receivables amounting to HK$445,969,000 (31 December 2013: HK$469,411,000).

(b) Pursuant to the Master Sale and Purchase Agreement of the Acquisition entered into between Siemens Aktiengesellschaft ("Siemens AG") and the Company, Siemens AG undertakes to pay to the Group such amount as is necessary to indemnify the entire interest of 13 former direct and indirect subsidiaries of Siemens AG ("ASM AS Entities") from and against any and all taxes imposed to ASM AS Entities relating to any taxable periods beginning before and ending before or after 7 January 2011 while Siemens AG was the beneficial owner. The amount recoverable from Siemens AG represents the aggregate amount of the tax liabilities of the ASM AS Entities covered under the tax indemnity and is therefore recoverable from Siemens AG. It is due for settlement once the Group pays the related taxes and received the tax demand notes from tax authorities. An amount of HK$15,692,000 was settled during the six months ended 30 June 2014 and the remaining amount is expected to be settled in 2014.

Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms are extended to 3 to 4 months or more. Each customer has a pre-set maximum credit limit.

12. Trade and other payables

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Trade payables	**1,555,413**	1,161,150
Amounts due to subsidiaries of a shareholder – trade (Note)	**-**	119
Accrued salaries and wages	**236,504**	243,030
Other accrued charges	**382,203**	382,621
Deposits received from customers	**531,230**	259,192
Payables arising from acquisition of property, plant and equipment	**68,243**	73,073
Other payables	**79,712**	69,035
	2,853,305	2,188,220
Less : Non-current other liabilities and accruals	**(34,081)**	(36,410)
	2,819,224	2,151,810

An aging analysis of trade payables presented based on the due date at the end of reporting period is as follows:

Not yet due	**1,063,801**	622,760
Overdue within 30 days	**225,939**	228,622
Overdue within 31 to 60 days	**176,386**	147,766
Overdue within 61 to 90 days	**70,518**	87,837
Overdue over 90 days	**18,769**	74,165
	1,555,413	1,161,150

Note: Balance as of 31 December 2013 represents amounts due to subsidiaries of a shareholder of the Company, ASM International N.V., were unsecured, non-interest bearing and repayable according to normal trade terms. Such balance was fully settled in current period.

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

13. Convertible bonds

On 28 March 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of HK$2,400,000,000. Interest of 2.00% per annum will be paid semi-annually with the first interest payment date falls on 28 September 2014. The net proceeds from the issue of convertible bonds are primarily used to pay for the purchase consideration in relation to the acquisition of the DEK Business (as defined in Note 14), and for general working capital purposes.

13. Convertible bonds - continued

The convertible bonds may be converted into ordinary shares of the Company, at the option of the holder thereof, at any time on and after 8 May 2014 up to the close of business on the day falling ten days prior to 28 March 2019 (the "Maturity Date") (both days inclusive) or if such convertible bonds shall have been called for redemption before the Maturity Date, then up to and including the close of business on a date no later than seven days prior to the date fixed for redemption thereof, at an initial conversion price (subject to adjustment for among other things, consolidation and subdivision of shares, capitalization of profits or reserves, right issues, distributions and certain other dilutive events) of HK$98.21 per share.

The Company will redeem the convertible bonds on the Maturity Date at their principal amount outstanding together with accrued and unpaid interest thereon.

The Company may, having given not less than 30 nor more than 60 days' notice (the "Redemption Notice"), redeem in whole, but not in part, of the convertible bonds at the principal amount together with interest accrued on such redemption date, provided that

(i) at any time after 28 March 2017 and prior to the Maturity Date, the closing price of an ordinary share of the Company, for 20 out of the 30 consecutive trading days immediately prior to the date upon which the Redemption Notice is given is at least 130% of the conversion price, or

(ii) at any time, prior to the date the Redemption Notice is given, at least 90% in principal amount of the convertible bonds has already been converted, redeemed or purchased and cancelled.

The Company will, at the option of the bond holder, redeem all or some of that convertible bonds on 28 March 2017 at their principal amount together with interest accrued to such date but unpaid.

The bond holder may request immediate redemption of the convertible bonds at their principal amount then outstanding together with accrued interest upon occurrence of certain events. Details of the issue of convertible bonds were set out in the Company's announcement dated 4 March 2014.

The net proceeds received from the issue of the convertible bonds have been split between a liability component and an equity component in its initial recognition as follows:

(i) Liability component is initially measured at fair value amounted to approximately HK$2,128,539,000, which represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, with the bondholder redemption option but without the conversion option. It is subsequently measured at amortized cost by applying an effective interest rate of 6.786% per annum after considering the effect of the transaction costs.

(ii) In the opinion of the directors of the Company, the economic characteristics and risks of the early redemption options are closely related to the host debt contract of the convertible bonds. Therefore, the Company do not account for the early redemption options separately; and

13. Convertible bonds - continued

(iii) Equity component, which is equal to the difference between the net proceeds received and the fair value of the liability component, amounted to approximately HK$266,932,000 which is presented in equity as convertible bond equity reserve.

The movements of the liability component and equity component of the convertible bonds for the period are set out below:

	Liability component	Equity component	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000
At 1 January 2014	-	-	-
Convertible bonds issued on 28 March 2014	2,128,539	271,461	2,400,000
Transaction costs incurred	(35,471)	(4,529)	(40,000)
Interest charge during the period from 28 March 2014 to 30 June 2014	36,002	-	36,002
At 30 June 2014	2,129,070	266,932	2,396,002

Liability component of the convertible bonds is analyzed for reporting purposes as:

	At 30 June 2014	At 31 December 2013
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Current liabilities (included in trade and other payables)	12,266	-
Non-current liabilities	2,116,804	-
	2,129,070	-

14. Event after the end of the reporting period

Acquisition of DEK Business

On 3 December 2013, the Company entered into a master sale and purchase agreement (the "S&P Agreement") with Dover Printing & Identification, Inc. and Dover Corporation (the "Sellers") pursuant to which the Company conditionally agreed to acquire the screen printing and processes business currently operated by the Sellers ("DEK Business") which comprises all the shares in the companies currently operating the DEK Business ("Target Companies"). The product portfolio of the DEK Business consists of surface mount technology assembly equipment for the electronics industry, metallization equipment for solar and fuel cells industry and a portfolio of the following recurring revenue products: consumables, replacement screens, stencils, parts and services.

The purchase consideration comprises the base purchase price of US$170,000,000 (equivalent to approximately HK$1,317,602,000) adjusted by the amount of working capital, capital expenditures and cash and cash equivalents of the Target Companies upon completion pursuant to the terms specified in the S&P Agreement; and plus a contingent consideration totaling up to US$30,000,000 (equivalent to approximately HK$232,518,000) that are linked to the actual revenue of the Target Companies earned during the measurement period specified in the S&P Agreement.

The transaction was completed on 2 July 2014. Details of the transaction were set out in the Company's announcement dated 3 December 2013. The Company is in progress of assessing the financial impact of the acquisition.

REVIEW

The market has recovered strongly during the second quarter of 2014, culminating in new order bookings of US$631.3 million for ASMPT. This was a surge of 56.5% as compared to the first quarter of 2014, and a surge of 50.8% as against the second quarter of 2013.

The substantial improvement in bookings helped to set a new quarterly bookings record for the Group, surpassing the previous record achieved in the second quarter of 2010, albeit the previous record was attained prior to the Group's into the SMT Equipment business.

Correspondingly, new order bookings for the first six months of the year amounted to US$1,034.7 million, representing robust increases of 56.7% and 42.6% against the preceding six months and the same period last year, respectively. This performance in bookings is a notable landmark, setting a new half-year record for the Group by surpassing the previous record achieved in the first half of 2010.

The recovery seems to be relatively broad-based. The strong booking performance was seen across many of our major product segments during the first six months of this year, and appeared to be driven by demand for automotive applications, industrial applications, LED general lighting and smart phones.

Group billings in the second quarter of 2014 also attained strong growth quarter-on-quarter, led by our Back-end Equipment business unit, and followed by our SMT Equipment and Lead frames business units. During the past three months, we achieved billings of US$443.3 million, representing improvements of 37.9% and 20.6% over the first quarter of this year and the same period a year ago, respectively.

Group billings for the first six months amounted to US$764.6 million, representing increases of 1.1% and 19.2% against the preceding six months and the same period last year, respectively.

Net profit for the second quarter of 2014 was HK$417.1 million, an increase of 166.2% over the preceding quarter as well as an increase of 81.1% from the same period last year. Profitability of the Group has improved significantly, mainly due to higher production volumes and our on-going cost control efforts.

During the first six months of 2014, net profit was HK$573.8 million, increasing by 140.8% and 79.1% respectively as compared to the first and second six-month periods in 2013.

The book-to-bill ratio, representing net bookings over billings, for the first six months was 1.35. Our order backlog as of 30 June 2014 increased to US$527.6 million, which was an increase of 54.9% from the end of the first quarter of this year.

By geographical distribution, China inclusive of Hong Kong (48.6%), Europe (12.8%), Malaysia (9.7%), the Americas (9.5%) and Taiwan (6.9%) have been the top five markets for ASMPT in the first half of this year. During the first half of 2014, sales attributable to our five largest customers combined were 18.9% of the total, with no customer exceeding 10%, demonstrating the ongoing success of our aggressively diversified market strategy. 80% of the Group's turnover in the first six-month period came from 133 customers. 7 out of the top 20 customers in the first half this year are from SMT Equipment business.

Back-end Equipment Business

Profitability of the Group has improved significantly, mainly due to higher sales volume, and it was contributed to in particular by the Back-end Equipment business unit, which was our star performer during the first six months.

REVIEW - continued

Back-end Equipment billings for the first six months was US$402.2 million, which amounted to improvements of 13.0% and 27.9% compared to the preceding six months and the same period a year ago, respectively. Back-end Equipment sales contributed to 52.6% of total Group billings for the first six months of the year.

In the second quarter, Back-end Equipment billings amounted to US$238.8 million, representing improvements of 45.9% and 24.1% compared to the first quarter this year and the corresponding quarter a year ago, respectively.

Continuing with the strong momentum experienced in the first quarter this year, new order bookings for Back-end Equipment surged by 58.3% against the first quarter of this year and 60.7% against the same period a year ago.

Back-end Equipment bookings have returned to a high level. In fact, bookings in the second quarter are only lower than the levels experienced during the first three quarters of 2010, which have so far been the most robust period in our history.

For the first half of the year, Back-end Equipment bookings rose strongly by 69.3% and 55.8% against the preceding six months and the same period a year ago, respectively. It is the second-highest level of bookings achieved by the Group, lower only than that of the first half of 2010.

Contrary to the expectations of many people in the industry, traditional die and wire bonding interconnection equipment was actually the major driver of growth in the first half of this year. The strong performance of our Back-end Equipment business during the first half of this year was mainly a result of the demand for die and wire bonders. The shipment of thermo-compression bonding ("TCB") equipment also contributed positively to this business segment.

Driven by the broad-based market recovery, equipment demand from the IC/discrete market segment was strong. Automotive applications, industrial applications, as well as smart phones, were the key drivers of growth. ASMPT also benefitted from the strong LED general lighting market.

Demand for CIS equipment was another significant contributor to our strong performance although the momentum of this application segment in the first six months of this year was not as strong as in the past two years. However, as customers had made major capacity expansion in this area in the past two years, we consider it normal that the market advanced at a more moderate pace this year.

We continued to invest in advanced packaging technology. During the first six months of this year, we continued to work with various customers on TCB solutions. Our flip chip bonder is gaining more market acceptance. We continued making shipments of our flip chip bonder to many customers including a major out-sourced assembly and test ("OSAT") customer.

Our billing performance for Back-end equipment could have been even better if it had not been affected by our factory relocation in Shenzhen, China. By the end of June this year, most of the relocation activities from our Yantian plant to our Longgang plant in Shenzhen had been completed. We are confident that our Back-end Equipment production can be successfully ramped up further to take advantage of the strong market demand.

The gross margin of the Back-end Equipment business has improved to 42.4% during the second quarter. Profit (segment result) of this business segment improved by 126.4% and 78.2% during the second quarter against the first quarter of this year and the same period a year ago, respectively.

REVIEW - continued

After its acquisition, the integration of the ALSI laser dicing business into the Group's Back-end equipment segment has progressed well during the past few months. Customers have reacted very positively to the combination of the advanced laser dicing technology possessed by ALSI coupled with the extensive infrastructural network and financial backing by ASMPT. The enabling technologies and internal manufacturing capability of ASMPT have presented good synergistic opportunities to raise the competitiveness of our laser dicing equipment in the market.

By entering the laser dicing market, ASMPT is broadening its product portfolio for advanced packaging. Currently, ASMPT's product portfolio for advanced packaging comprises laser dicing equipment, multi-chip module (MCM) bonders, flip chip bonders, TCB equipment, mold under-fill (MUF) equipment, printer and placement machines for wafer level CSP (WLCSP), system-in-package (SIP) and embedded PCBs.

During the second quarter, apart from the shipment of flip chip bonders and TCB equipment to customers in the integrated circuits market, we also shipped a substantial quantity of bonders for the assembly of flip chip LEDs which further solidify our market leadership in this application.

Lead frame Business

Our Lead frame business was able to set another series of new billing records during the first half of this year.

Lead frame billings for the six-month period amounted to US$122.3 million, representing growths of 7.1% and 13.1% against the preceding six months and the same period a year ago, respectively. Lead frames contributed to 16.0% of total Group billings in the first half of 2014.

In the second quarter of 2014, Lead frame billings amounted to US$65.2 million, representing improvements of 14.3% and 5.9% as compared to the first quarter of this year and the same period a year ago, respectively.

During the second quarter, new order bookings for Lead frames continued to grow at a moderate pace, increasing by 14.2% over the preceding quarter and staying generally flat (0.8%) against the same period last year. Nevertheless, Lead frame bookings in the past quarter were at a fairly high level, reflecting the healthy activities in the semiconductor industry.

On a six-month basis, Lead frame bookings grew strongly against the preceding six months (24.1%) but experienced a small decline of 1.0% as compared to the same period last year.

REVIEW - continued

SMT Equipment Business

New order bookings for our SMT Equipment improved substantially in the second quarter. Bookings amounted to US$239.1 million, which was a surge of 72.3% as compared to the first quarter of this year, and a surge of 60.6% as compared to the second quarter last year.

New order bookings for the first six months of the year increased by 54.8% and 47.5% as compared to the preceding six months and the same period last year, respectively. In fact, current quarter and half-yearly bookings represent a new record for this business segment since it was acquired by the Group.

The recovery of the SMT Equipment market has been broad-based. Automotive applications, industrial applications and smart phones have been the key drivers of growth for SMT Equipment. Our strong bookings in the second quarter were partly due to a major order obtained for the manufacture of smart phones.

SMT Equipment billings were US$139.3 million in the second quarter, representing improvements of 38.1% and 22.7% as compared to the first quarter of this year and the same period a year ago, respectively.

For the six-month period, SMT Equipment billings were US$240.1 million, which were an improvement of 9.7% compared to the first half of last year, but a decrease of 16.1% as compared to the second half of last year. SMT Equipment billings contributed to 31.4% of total Group billings for the first half of this year.

The integration of the SMT Equipment business into our core activities continues to progress very well. The SMT industry had been in a prolonged downturn since the second half of 2011. Despite challenging market conditions, we have made sturdy progress in gaining market share. Our new generation of equipment will address both the high performance and mainstream markets. We are aiming at offering our customers better value with our solutions. Our in-sourcing activities have made valuable contributions to gross margin improvement of our SMT equipment business, and we are on track to further increase the value of in-sourcing to our operations this year.

On 2 July 2014, the Group completed its acquisition of the DEK business. Together with the Electronics Assembly Systems business which the Group acquired from Siemens in 2011, they form the SMT Solutions segment of the Group. The Group will henceforth operate its SMT business under the brand name of DEK for screen printers, and SIPLACE for placement solutions.

The DEK business will present the Group with significant opportunities to generate cost synergies through increased efficiencies in the areas of logistics, research and development, product, sales, service and procurement, and the consolidation of common infrastructure and overheads.

It will also broaden the Group’s sales base and enable the Group to gain further market share for SMT placement equipment, which will in turn help us to achieve our goal of becoming the world number one in the SMT Equipment market.

REVIEW - continued

Research and Development

During the past six months, ASMPT continued to invest in research and development, thereby maintaining a valuable competitive advantage over its peers.

Research and development expenses for the period amounted to HK$507.0 million, of which 43.0% was spent on the SMT Equipment business. As of 30 June 2014, the Group operates five research and development centers in Hong Kong, Singapore, Chengdu (China), Munich (Germany) and Beuningen (the Netherlands), with a total research and development work force of approximately 1,300 people. With the addition of the DEK printer business into the Group, a sixth research and development center based in Weymouth (United Kingdom) will be added to the Group.

The Group's research and development capability and capacity are important core competences of the Group. With the combination of its depth and breadth of expertise and knowledge, the Group is becoming the preferred partner of our customers when taking on new packaging challenges. We believe that this will increasingly set the Group apart from its peers.

LIQUIDITY AND FINANCIAL RESOURCES

Return on capital employed and on sales were 7.5% and 12.5% respectively for the six-month period.

Due to an increase in our production activities on the back of increased demand, our ending inventory as of 30 June 2014 increased to HK$3.8 billion, as compared to HK$3.2 billion as of 31 December 2013. The increase in inventory was also partly a result of preparations in anticipation of making expeditious delivery of a major order which we had successfully captured during the second quarter. Our annualized inventory turn was 3.37 times (first half of 2013: 3.19 times).

Days sales-outstanding increased to 100.3 days from 77.7 days in the second half of 2013. It was mainly due to the trend of an increasing shipment rate throughout the second quarter. Return on invested capital for the past six months was 10.2%.

Capital expenditure ("capex") in the first six months amounted to HK$153.1 million which was fully funded by the depreciation and amortization of HK$192.3 million for the same period. On 28 March 2014, the Group completed the issuance of convertible bonds in the principal amount of HK$2.4 billion, at 2.0 percent interest per annum of the principal amount, which will be maturing in 2019. After paying last year's final dividend totaling HK$200.3 million in May, funding capital investments and paying off some bank loans in the first half of 2014, cash on hand as of 30 June 2014 was HK$3,151.7 million, which was HK$1,555.1 million higher than six months ago. Our current ratio stands at 3.14, and we have a debt-equity ratio of 31.3% (debt represents all bank borrowings and convertible bonds).

Bank borrowings are mainly arranged to support the day-to-day operations as well as to finance our growth activities generally. These are denominated in Hong Kong dollars and US dollars. Cash holdings by the Group are mainly in US dollars, Euro, Chinese Yuan (RMB) and Hong Kong dollars. The SMT Equipment business unit of the Group enters into US dollars and Euro hedging contracts to mitigate the foreign currency risks as the production of SMT Equipment and its suppliers are mainly located in Europe while a substantial part of the Group's revenue for SMT Equipment are denominated in US dollars.

After carefully considering the near to mid-term cash flow need for the Company, the Board recommends a dividend payout ratio, amounting to 55.9% of the net profits for the first half of this year.

HUMAN RESOURCES

As of 30 June 2014, the total headcount of the Group worldwide stood at approximately 15,100 people, including 508 temporary or short-term contract employees.

ASMPT recognizes that human resource is one of the Group's most important assets. Recruiting and retaining high-calibre employees is always of high priority in ASMPT. Besides offering competitive remuneration packages, ASMPT 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 staffs based on the Group's financial results and individual performance.

Total manpower costs for the first six months of 2014 were HK$1,788.0 million, as compared to HK$1,594.0 million for the same period last year. In March this year, the Board granted a total of 2,137,800 incentive shares to 1,144 employees, inclusive of three Executive Directors of the Company. The vesting period of these incentive shares is from 25 March to 15 December of this year.

PROSPECTS

The strong market momentum experienced in the first half this year seems to be more the result of a generally-improving global economy than the success of any popular killer applications. Since major economic organizations like the IMF are predicting that the world economy will continue to improve, although such growth might be at a less robust rate than in the past, we are looking forward to a sustained improvement in the market for the rest of this year and beyond. However, we cannot totally rule out the possibility of a market slowdown or even a sharp contraction in the market during the second half of this year similar to the fluctuations experienced in the past few years. Traditionally, the second and third quarters represent the busiest periods of each year, and the market will take a breather starting from the last quarter of the year. Such a seasonal pattern is healthy for the industry.

We continue to believe that demand for semiconductor devices and electronic modules will continue to grow. Connectivity will emerge as the next major growth driver after mobility. Smart cars, driverless vehicles, Internet of Things, wearable electronics, social networking, cloud computing, big data centers, big data mining and demand for a cleaner environment can only be enabled with constant advances in semiconductor devices and electronic modules and components.

With the addition of the ALSI laser dicing business and the DEK printer business into the Group, as well as the foundations that we have laid over the years, we believe that we are well positioned to take advantage of any sustained market improvement and new opportunities.

Over the past few years, the Group demonstrated its resilience to unfavorable market conditions. During this time, the Group also took the opportunity to fine-tune and realign its business strategies to adapt to the ever-changing market conditions. We are well-prepared to repeat our history to emerge stronger after every market downturn and crisis.

As for the current quarter, with the strong backlog that we have on hand, we look forward to a strong quarter of solid performance in terms of both billings and profitability. We expect that the main contribution to our growth in billings during the third quarter will be from the Back-end Equipment and SMT Solutions segments. With the revenue contributions from the DEK business serving as an additional boost, we anticipate the Group's billings in the third quarter of 2014 would achieve a strong double-digit percentage growth year-on-year.

CORPORATE GOVERNANCE

The Group has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("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 six months ended 30 June 2014.

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

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code during the six months ended 30 June 2014.

AUDIT COMMITTEE

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

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014 in conjunction with the Company's external auditor.

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

During the six months ended 30 June 2014, 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 211,100 shares in the Company. The cost of purchase of these shares is about HK$16 million.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (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. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 23 July 2014