ASM

ASM Pacific Technology Limited

(STOCK CODE 股份代號: 0522)

2014 INTERIM REPORT 中期報告

THE NEXT LAP

邁向新里程

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Arthur H. del Prado, *Chairman*
Lee Wai Kwong
Chow Chuen, James
Robin Gerard Ng Cher Tat

Non-executive Directors:

Charles Dean del Prado
Petrus Antonius Maria van Bommel

Independent Non-executive Directors:

Orasa Livasiri
Lok Kam Chong, John
Wong Hon Yee
Tang Koon Hung, Eric

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Citibank, N.A.
The Bank of Tokyo-Mitsubishi UFJ, Ltd
Commerzbank AG

AUDITOR

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

SECRETARY

So Sau Ming

REGISTERED OFFICE

Caledonian House
George Town
Grand Cayman
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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16-22 Kung Yip Street
Kwai Chung, New Territories
Hong Kong

SHARE REGISTRARS AND BRANCH REGISTER OFFICE

Tricor Secretaries Limited
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COMPANY WEBSITE AND CONTACT

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FINANCIAL HIGHLIGHTS

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

FINANCIAL HIGHLIGHTS (CONTINUED)

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Turnover	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	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	26,194	11,259	17,271	22,072
Finance costs	(36,995)	(4,568)	(43,211)	(9,540)
Profit before taxation	508,334	310,187	706,401	331,235
Income tax expense	(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				
– 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

CHAIRMAN'S STATEMENT

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, respectively. 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

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.

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.

CHAIRMAN'S STATEMENT (CONTINUED)

REVIEW (Continued)

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.

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.

CHAIRMAN'S STATEMENT (CONTINUED)

REVIEW (Continued)

Back-end Equipment Business (Continued)

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.

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.

CHAIRMAN'S STATEMENT (CONTINUED)

REVIEW (Continued)

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.

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.

REVIEW (Continued)

SMT Equipment Business (Continued)

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.

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.

CHAIRMAN'S STATEMENT (CONTINUED)

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.

Arthur H. del Prado
Chairman
23 July 2014

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of ASM Pacific Technology Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of ASM Pacific Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 13 to 37, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 July 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK$'000	HK$'000
Turnover	*3*	5,931,073	4,975,678
Cost of sales		(3,926,888)	(3,531,168)
Gross profit		2,004,185	1,444,510
Other income		7,756	8,840
Selling and distribution expenses		(500,266)	(440,126)
General and administrative expenses		(272,309)	(241,371)
Research and development expenses		(507,025)	(453,150)
Other gains and losses	*5*	17,271	22,072
Finance costs	*6*	(43,211)	(9,540)
Profit before taxation		706,401	331,235
Income tax expense	*7*	(132,569)	(92,959)
Profit for the period, attributable to owners of the Company		573,832	238,276
Other comprehensive expense			
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss		(25,994)	(10,932)
Total comprehensive income for the period, attributable to owners of the Company		547,838	227,344
Earnings per share	*9*		
– Basic		HK$1.43	HK$0.60
– Diluted		HK$1.43	HK$0.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*10*	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	*11*	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	*13*	355,371	348,901
Income tax payable		204,645	251,781
Bank borrowings	*14*	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)

At 30 June 2014

	Notes	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Capital and reserves			
Share capital	*15*	40,063	40,063
Dividend reserve	*8*	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	*16*	2,116,804	–
Retirement benefit obligations		93,664	83,133
Provisions	*13*	68,970	85,224
Bank borrowings	*14*	80,736	145,384
Deferred tax liabilities		5,638	5,783
Other liabilities and accruals	*12*	34,081	36,410
		2,399,893	355,934
		10,134,923	7,437,199

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Shares held for Share Award Scheme HK$'000 *(Note 17)*	Capital redemption reserve HK$'000	Capital reserve HK$'000	Convertible bonds equity reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Dividend reserve HK$'000	Total HK$'000
At 1 January 2013 (audited)	39,925	825,265	–	–	155	72,979	–	(38,723)	5,537,300	119,773	6,556,674
Profit for the year	–	–	–	–	–	–	–	–	558,589	–	558,589
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	93,807	–	–	93,807
Remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss	–	–	–	–	–	–	–	–	12,108	–	12,108
Total comprehensive income for the year	–	–	–	–	–	–	–	93,807	570,697	–	664,504
Sub-total	39,925	825,265	–	–	155	72,979	–	55,084	6,107,997	119,773	7,221,178
Recognition of equity-settled share-based payments	–	–	142,418	–	–	–	–	–	–	–	142,418
Purchase of shares under the Employee Share Incentive Scheme	–	–	–	(22,822)	–	–	–	–	–	–	(22,822)
Shares vested under the Employee Share Incentive Scheme	–	–	(22,822)	22,822	–	–	–	–	–	–	–
Shares issued under the Employee Share Incentive Scheme	138	119,458	(119,596)	–	–	–	–	–	–	–	–
2012 final dividend paid	–	–	–	–	–	–	–	–	–	(119,773)	(119,773)
2013 interim dividend paid	–	–	–	–	–	–	–	–	(139,736)	–	(139,736)
2013 final dividend proposed	–	–	–	–	–	–	–	–	(200,317)	200,317	–
At 31 December 2013 and 1 January 2014 (audited)	40,063	944,723	–	–	155	72,979	–	55,084	5,767,944	200,317	7,081,265
Profit for the period	–	–	–	–	–	–	–	–	573,832	–	573,832
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	(25,994)	–	–	(25,994)
Total comprehensive income for the period	–	–	–	–	–	–	–	(25,994)	573,832	–	547,838
Sub-total	40,063	944,723	–	–	155	72,979	–	29,090	6,341,776	200,317	7,629,103
Recognition of equity-settled share-based payments	–	–	55,170	–	–	–	–	–	–	–	55,170
Purchase of shares under the Employee Share Incentive Scheme	–	–	–	(15,858)	–	–	–	–	–	–	(15,858)
Recognition of equity component of convertible bonds *(Note 16)*	–	–	–	–	–	–	266,932	–	–	–	266,932
2013 final dividend paid	–	–	–	–	–	–	–	–	–	(200,317)	(200,317)
2014 interim dividend declared after end of interim period	–	–	–	–	–	–	–	–	(320,507)	320,507	–
At 30 June 2014 (unaudited)	40,063	944,723	55,170	(15,858)	155	72,979	266,932	29,090	6,021,269	320,507	7,735,030

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2014

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Shares held for Share Award Scheme HK$'000 *(Note 17)*	Capital redemption reserve HK$'000	Capital reserve HK$'000	Convertible bonds equity reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Dividend reserve HK$'000	Total HK$'000
At 1 January 2013 (audited)	39,925	825,265	–	–	155	72,979	–	(38,723)	5,537,300	119,773	6,556,674
Profit for the period	–	–	–	–	–	–	–	–	238,276	–	238,276
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	(10,932)	–	–	(10,932)
Total comprehensive income for the period	–	–	–	–	–	–	–	(10,932)	238,276	–	227,344
Sub-total	39,925	825,265	–	–	155	72,979	–	(49,655)	5,775,576	119,773	6,784,018
Recognition of equity-settled share-based payments	–	–	54,300	–	–	–	–	–	–	–	54,300
Purchase of shares under the Employee Share Incentive Scheme	–	–	–	(22,822)	–	–	–	–	–	–	(22,822)
2012 final dividend paid	–	–	–	–	–	–	–	–	–	(119,773)	(119,773)
2013 interim dividend declared after end of interim period	–	–	–	–	–	–	–	–	(139,736)	139,736	–
At 30 June 2013 (unaudited)	39,925	825,265	54,300	(22,822)	155	72,979	–	(49,655)	5,635,840	139,736	6,695,723

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Cash generated from operations	173,393	195,763
Income taxes paid	(195,257)	(107,930)
Net cash (used in) from operating activities	(21,864)	87,833
Net cash used in investing activities		
Purchase of property, plant and equipment	(95,120)	(184,510)
Deposits paid for acquisition of property, plant and equipment	(57,956)	(22,195)
Net cash outflow arising on acquisition of subsidiaries	(22,180)	–
Other investing cash flows	11,880	7,828
	(163,376)	(198,877)
Net cash from (used in) financing activities		
Dividends paid	(200,317)	(119,773)
Proceeds from issue of convertible bonds	2,400,000	–
Payment for transaction costs attributable to issue of convertible bonds	(38,061)	–
Bank borrowings raised	256,174	193,923
Repayment of bank borrowings	(662,405)	(487,919)
Other financing cash flows	(7,371)	(9,462)
	1,748,020	(423,231)
Net increase (decrease) in cash and cash equivalents	1,562,780	(534,275)
Cash and cash equivalents at beginning of the period	1,596,592	1,487,003
Effect of foreign exchange rate changes	(7,722)	(4,100)
Cash and cash equivalents at end of the period, represented by bank balances and cash	3,151,650	948,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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.

The Group has not early applied the following new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs and amendments that have been issued but are not yet effective.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[6]

1 Effective for annual periods beginning on or after 1 July 2014
2 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2017

The directors of the Company anticipate that the application of those new and revised standards, and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2014

3. SEGMENT INFORMATION

The Group has three (2013: 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 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 (2013: 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 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Segment revenue from external customers		
Back-end equipment	3,119,905	2,438,945
Surface mount technology 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
Surface mount technology 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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

3. SEGMENT INFORMATION (Continued)

Geographical analysis of turnover by location of customers

	Turnover Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'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

4. 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.

5. 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) (see Note 19).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2014

6. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Interest on bank borrowings wholly repayable within five years	5,794	7,566
Interest on convertible bonds *(Note 16)*	36,002	–
Others	1,415	1,974
	43,211	9,540

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'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.

(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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

7. INCOME TAX EXPENSE (Continued)

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

8. DIVIDENDS

	Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Dividend recognized as distribution during the period		
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
Dividend declared after the end of the interim reporting period		
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.

9. 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 (Unaudited) HK$'000	2013 (Unaudited) HK$'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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred HK$151.8 million on the acquisition of property, plant and equipment (HK$137.9 million for the six months ended 30 June 2013).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

11. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

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 the reporting period is as follows:

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

13. PROVISIONS

The Group's provisions are analyzed for reporting purposes as:

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Current	355,371	348,901
Non-current	68,970	85,224
	424,341	434,125

The Group's provisions mainly comprise warranty provision of HK$394,297,000 (31 December 2013: HK$376,673,000) and restructuring provision of HK$20,949,000 (31 December 2013: HK$47,454,000). The movements of the restructuring provision and warranty provision are as follows:

	Restructuring provision HK$'000	Warranty provision HK$'000
At 1 January 2013 (audited)	–	362,349
Currency realignment	–	12,040
Additions	104,521	314,732
Utilization	(57,067)	(273,837)
Reversal	–	(38,611)
At 31 December 2013 (audited)	47,454	376,673
Currency realignment	(452)	(3,476)
Additions	–	127,928
Utilization	(26,053)	(101,314)
Reversal	–	(5,514)
At 30 June 2014 (unaudited)	20,949	394,297

14. BANK BORROWINGS

At 30 June 2014, all bank borrowings bear interest at London Interbank Offered Rate plus a margin per annum or Hong Kong Interbank Offered Rate plus a margin per annum, at a weighted average effective interest rate of 2.58% (31 December 2013: 1.95%) per annum. During the six months ended 30 June 2014, the Group obtained new bank borrowings in the amount of HK$256,174,000 (six months ended 30 June 2013: HK$193,923,000) and repaid bank borrowings of HK$662,405,000 (six months ended 30 June 2013: HK$487,919,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

15. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
Shares of HK$0.10 each		
At 1 January 2013	399,244	39,925
Shares issued under the Employee Share Incentive Scheme	1,389	138
At 31 December 2013 and at 30 June 2014	400,633	40,063

All shares issued in prior year rank pari passu with the then existing shares in issue in all respects.

The authorized share capital of the Company is HK$50 million, comprising 500 million shares of HK$0.10 each.

16. 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 22), and for general working capital purposes.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

16. CONVERTIBLE BONDS (Continued)

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

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

16. CONVERTIBLE BONDS (Continued)

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

	Liability component (Unaudited) HK$'000	Equity component (Unaudited) HK$'000	Total (Unaudited) 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 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Current liabilities (included in trade and other payables)	12,266	–
Non-current liabilities	2,116,804	–
	2,129,070	–

17. SHARE-BASED PAYMENTS

Employee Share Incentive Scheme

On 22 March 2013, the directors resolved to grant, and the Company granted, a total of 1,678,000 shares ("2013 Incentive Shares") in the Company to certain employees and members of the management of the Group who shall remain employment within the Group upon expiration of the defined qualification period. On the same date, 263,200 shares ("2013 Awarded Shares") were allocated from the 2013 Incentive Shares as the 2013 Awarded Shares pursuant to the Share Award Scheme adopted by the Company on 28 March 2012. The vesting period of such grant, which is the qualification period, was from 22 March 2013 to 16 December 2013.

On 25 March 2014, the directors resolved to grant, and the Company granted, a total of 2,137,800 shares ("2014 Incentive Shares") in the Company to certain employees and members of the management of the Group who shall remain employment within the Group upon expiration of the defined qualification period. On the same date, 211,100 shares ("2014 Awarded Shares") were allocated from the 2014 Incentive Shares as the 2014 Awarded Shares. The vesting period of such grant, which is the qualification period, was from 25 March 2014 to 15 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

17. SHARE-BASED PAYMENTS (Continued)

Employee Share Incentive Scheme (Continued)

The fair value of the 2013 Incentive Shares and 2014 Incentive Shares granted was determined with reference to market value of the shares at the grant date taking into account the exclusion of the expected dividends as the employees are not entitled to receive dividends paid during the vesting period, while for the 2014 Awarded Shares, its fair value of HK$15,858,000 (2013 Awarded Shares: HK$22,822,000) was determined with reference to the cost of purchase from the market including transaction costs, which is not significantly different from the fair value at the grant date. The total amount charged to profit or loss during the period in respect of the fair value of the 2014 Incentive Shares and the 2014 Awarded Shares at the grant date amounted to HK$55,170,000 (six months ended 30 June 2013: HK$54,300,000).

Movement of the shares granted to employees and members of the management of the Group under the Employee Share Incentive Scheme is as follows:

	Number of shares '000
Outstanding as at 1 January 2013 (audited)	–
Shares granted on 22 March 2013	1,678
Allocated as 2013 Awarded Shares on 22 March 2013 *(Note)*	(263)
Outstanding as at 30 June 2013 (unaudited)	1,415
Shares entitlement forfeited on 16 December 2013	(26)
Shares issued on 16 December 2013	(1,389)
Outstanding as at 31 December 2013 and 1 January 2014 (audited)	–
Shares granted on 25 March 2014	2,138
Allocated as 2014 Awarded Shares on 25 March 2014 *(Note)*	(211)
Outstanding as at 30 June 2014 (unaudited)	1,927

Note: Movement of Awarded Shares purchased is as follows:

	Number of shares purchased '000	Cost of purchase HK$'000
At 1 January 2013 (audited)	–	–
Shares purchased from the market during the year	263	22,822
Awarded Shares vested	(263)	(22,822)
At 31 December 2013 and 1 January 2014 (audited)	–	–
Shares purchased from the market during the period	211	15,858
At 30 June 2014 (unaudited)	211	15,858

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

During the period, the emoluments of directors and other members of key management were HK$18,774,000 (HK$27,553,000 for the six months ended 30 June 2013).

Certain shares of the Company were issued to the key management under the Employee Share Incentive Scheme which has a term of 10 years starting from March 1990, the scheme was extended for a further term of 10 years up to 23 March 2010 pursuant to an extraordinary general meeting of the Company on 25 June 1999. The scheme was further extended for another term of 10 years up to 23 March 2020 pursuant to an annual general meeting of the Company on 24 April 2009. The estimated fair value of such shares included in the emoluments above amounted to HK$7,262,000 (HK$10,172,000 for the six months ended 30 June 2013) for the six months ended 30 June 2014.

19. CONTINGENT LIABILITIES

The Group has contingent liabilities as follows:

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Guarantees given to the Singapore government for work permits of foreign workers in Singapore	2,608	2,671

In addition, a supplier raised a claim in 2009 against a group entity which was acquired by the Group in 2011. The management estimated the expected financial effect to be an amount of EUR2,500,000 (equivalent to approximately HK$26,733,000 at 31 December 2013) and the amount was recognized as a liability as of 31 December 2013. The directors consider that 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, therefore the accrued liability was reversed during the six months ended 30 June 2014. The Group is not aware of any other legal proceedings that would have an adverse or material impact on the Group's financial results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

20. CAPITAL AND OTHER COMMITMENTS

	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– authorized but not contracted for	238,733	72,259
– contracted for but not provided in the condensed consolidated financial statements	84,599	113,725
Other commitment in respect of acquisition of land use right:		
– contracted for but not provided in the condensed consolidated financial statements	27,208	26,904
Other commitment in respect of acquisition of subsidiaries *(Note 22)*:		
– contracted for but not provided in the condensed consolidated financial statements	1,550,120	1,550,760
	1,900,660	1,763,648

21. ACQUISITION OF BUSINESS

On 12 February 2014, the Group entered into a purchase agreement to acquire the business of Advanced Laser Separation International (ALSI) B.V. ("ALSI"), a Dutch technology company specializing in multi-beam laser-cutting and low-K wafer grooving at a consideration of EUR2,113,000 (equivalent to approximately HK$22,180,000) ("Acquisition"). Through this Acquisition, the Group has set up an advanced laser technology center in the Netherlands to develop technology and machines to serve the laser sawing market. The Acquisition was completed during the six months ended 30 June 2014 and has been accounted for using the acquisition method.

Acquisition-related costs amounting to HK$1,155,000 have been excluded from the cost of Acquisition and have been recognized directly as an expense in the period and included in the 'general and administrative expenses' line item in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2014

21. ACQUISITION OF BUSINESS (Continued)

Assets acquired and liabilities recognized at the date of Acquisition are as follows:

	(Unaudited) HK$'000
Property, plant and equipment	2,085
Intangible assets	6,985
Inventories	32,391
Trade and other receivables	13,012
Trade and other payables	(30,717)
Deferred tax liabilities	(1,576)
	22,180

Net cash outflow arising on Acquisition:

	HK$'000
Consideration paid in cash	22,180

The fair value of intangible assets acquired from the Acquisition of HK$6,985,000 representing patents which were determined by the management of the Company with reference to the valuation report, based on the multi-period excess earnings method, prepared by independent professional valuers on the patents as at 12 February 2014. That calculation uses cash flow projections based on financial budgets approved by management covering the useful lives of the patents at a discount rate of 19%. Other key assumptions of the value in use calculations relating to the estimation of cash inflow/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market development.

Impact of Acquisition on the results of the Group

Included in the profit for the interim period is loss of HK$19,426,000 attributable to ALSI. Revenue for the interim period includes HK$25,742,000 attributable to ALSI.

Had the Acquisition been effected at the beginning of the interim period, the total amount of revenue of the Group from continuing operations for the six months ended 30 June 2014 would have been HK$5,931,073,000, and the amount of the profit for the interim period from continuing operations would have been HK$573,832,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2014

22. 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 totalling 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.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

Details of the interests of the Directors and chief executives of the Company and their associates in the share capital of the Company and its associated corporations as at 30 June 2014 as recorded in the register by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long and short positions

(a) Shares of HK$0.10 each ("Shares") of the Company:

		Long positions		Short positions	
Name of director	Capacity	Number of shares held	Percentage of shareholding in the Company	Number of shares held	Percentage of shareholding in the Company
Arthur H. del Prado *(Note 1)*	Interest of a controlled corporation	6,550,000	1.63%	6,550,000	1.63%
Lee Wai Kwong *(Note 2)*	Beneficial Owner	1,065,100	0.27%	–	–
Chow Chuen, James *(Note 3)*	Beneficial Owner	471,100	0.12%	–	–
Robin Gerard Ng Cher Tat *(Note 4)*	Beneficial Owner	85,000	0.02%	–	–
Tang Koon Hung, Eric	Beneficial Owner	13,000	0.003%	–	–

Notes:

1. Mr. Arthur H. del Prado is taken to be interested, and have a short position, in the Shares through his wholly owned corporation, ADP Industries B.V..

2. Pursuant to the Employee Share Incentive Scheme of the Company ("Scheme"), on 25 March 2014 the Board of Directors resolved to allocate Share entitlements to the management and employees of the Company in respect of their service for the vesting period from 25 March 2014 until 15 December 2014 (both days inclusive) ("Vesting Period") whereby the Company has agreed on 25 March 2014 to allocate to Mr. Lee an entitlement of 114,400 Shares in respect of his service upon expiration of the Vesting Period. Pursuant to the Scheme, no subscription price is to be payable by Mr. Lee in relation to this entitlement and his interest of 1,065,100 Shares includes this 114,400 Shares entitlement.

3. Pursuant to the Scheme, on 25 March 2014 the Company agreed to allocate to Mr. Chow an entitlement of 68,700 Shares in respect of his service upon expiration of the Vesting Period. Pursuant to the Scheme, no subscription price is to be payable by Mr. Chow in relation to this entitlement and his interest of 471,100 Shares includes this 68,700 Shares entitlement.

4. Pursuant to the Scheme, on 25 March 2014 the Company agreed to allocate to Mr. Ng an entitlement of 28,000 Shares in respect of his service upon expiration of the Vesting Period. Pursuant to the Scheme, no subscription price is to be payable by Mr. Ng in relation to this entitlement and his interest of 85,000 Shares includes this 28,000 Shares entitlement.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company or its subsidiaries, as at 30 June 2014, none of the Directors or chief executives of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the following persons (other than the interests disclosed above in respect of Directors or chief executives of the Company) had interests or short positions in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

		Long positions		Short positions		Lending pool	
Name of shareholder	Capacity	Number of shares held	Percentage of shareholding in the Company	Number of shares held	Percentage of shareholding in the Company	Number of shares held	Percentage of shareholding in the Company
ASM International N.V. *(Note 1)*	Interest of a controlled corporation	160,003,000	39.94%	–	–	–	–
ASM Pacific Holding B.V.	Beneficial owner	160,003,000	39.94%	–	–	–	–
JPMorgan Chase & Co.	*(Note 2)*	47,876,708	11.95%	22,128,520	5.52%	11,967,623	2.99%
Aberdeen Asset Management Plc and its associates on behalf of accounts managed by Aberdeen Asset Management Plc and its associates	Investment manager	39,706,150	9.91%	–	–	–	–
The Capital Group Companies, Inc. *(Note 3)*	Interest of controlled corporations	35,768,400	8.93%	–	–	–	–
Genesis Asset Managers, LLP	Investment manager	28,370,964	7.08%	–	–	–	–

Notes:

1. ASM International N.V. is deemed interested in 160,003,000 Shares, through the Shares held by its wholly owned subsidiary, ASM Pacific Holding B.V..

2. The interests held by JPMorgan Chase & Co. were held in the following capacities:

Capacity	Number of shares (Long position)	Number of shares (Short position)	Number of shares (Lending pool)
Beneficial owner	35,850,285	22,128,520	–
Investment manager	58,800	–	–
Custodian corporation/approved lending agent	11,967,623	–	11,967,623

3. The Capital Group Companies, Inc. is deemed interested in 35,768,400 Shares, comprised the Shares held by two wholly owned subsidiaries, namely Capital Research and Management Company and Capital Group International, Inc. (which is deemed interested in the Company through the Shares held by Capital Guardian Trust Company, Capital International, Inc., Capital International Limited and Capital International Sarl, each a wholly owned subsidiary of Capital Group International, Inc.).

Save as disclosed above, as at 30 June 2014, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interests or short positions in the shares or underlying shares of the Company.

OTHER INFORMATION (CONTINUED)

CORPORATE GOVERNANCE

The Group has complied with all the code provisions set out in the Corporate Governance Code ("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.

CLOSURES OF REGISTER OF MEMBERS

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 4:00 p.m. on 19 August 2014. The interim dividend will be paid on or about 29 August 2014.

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