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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2014 AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

ASMPT Achieved New Billing Record; Net Profits More Than Double

2014

- **Record Group revenue of US$1.83 billion, representing a strong increase of 31.3% over the preceding year**
- **Net profits of HK$1.60 billion and earnings per share of HK$3.99, representing a surge of 186.4% over the preceding year**
- **Back-end equipment revenue of US$877.2 million, representing a strong increase of 30.8% over 2013**
- **Record Materials business revenue of US$245.2 million, achieving a growth of 10.3% over 2013**
- **Record SMT solutions revenue of US$712.3 million, representing a strong increase of 41.0% over 2013**
- **Record new order bookings of US$1.91 billion, representing a strong increase of 37.8% over 2013**
- **Bookings improved for all three business segments over 2013**
- **Retained the global #1 position in the semiconductor assembly and packaging equipment market**
- **Cash on hand of HK$2.59 billion at the end of December 2014**

Second half of 2014

- **Record half-year Group revenue of US$1.07 billion, representing strong increases of 39.9% and 41.5% over the first half of 2014 and the second half of 2013, respectively**
- **Net profits of HK$1.03 billion and earnings per share of HK$2.56, representing surges of 78.8% and 220.3% over the first half of 2014 and the same period of 2013, respectively**
- **Back-end equipment revenue of US$475.0 million, representing increases of 18.1% and 33.4% over the first half of 2014 and the second half of 2013, respectively**
- **Record half-year Materials business revenue of US$122.9 million, representing increases of 0.5% and 7.7% over the first half of 2014 and the second half of 2013, respectively**
- **Record half-year SMT solutions revenue of US$472.2 million, representing surges of 96.5% and 65.0% over the first half of 2014 and the second half of 2013, respectively**
- **New order bookings of US$875.5 million increased by 32.6% compared to the same period of 2013 but contracted 15.4% against the preceding six months**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of audited results for the year ended 31 December 2014:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") reported a turnover of **HK$14.23 billion (US$1.83 billion)** in the fiscal year ended 31 December 2014, representing a rise of 31.3% as compared with HK$10.84 billion (US$1.40 billion) for the previous year. The Group's consolidated profit after taxation for the year is **HK$1.60 billion** which is 186.4% higher than the previous year's net profit of HK$558.6 million. Basic earnings per share (EPS) for the year amounted to **HK$3.99** (2013: HK$1.40).

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

We continue to believe in returning excessive cash to our shareholders as dividends. After considering the Group's short term needs and our cash on hand, the Board of Directors has resolved to recommend to shareholders the payment of a final dividend of **HK$1.30** (2013: final dividend of HK$0.50) per share. Together with the interim dividend of HK$0.80 (2013: HK$0.35) per share paid in August 2014, the total dividend payment for year 2014 will be **HK$2.10** (2013: HK$0.85) per share.

The proposed final dividend of **HK$1.30** per share, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 11 May 2015 ("2015 AGM"), is to be payable on Friday, 29 May 2015 to shareholders whose names appear on the Register of Members of the Company on 19 May 2015.

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

(i) From Thursday, 7 May 2015 to Monday, 11 May 2015, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM. In order to be eligible to attend and vote at the 2015 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited not later than 4:00 p.m. on Wednesday, 6 May 2015; and

(ii) From Monday, 18 May 2015 to Tuesday, 19 May 2015, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited not later than 4:00 p.m. on Friday, 15 May 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended 31 Dec		Year ended 31 Dec	
		2014	2013	**2014**	2013
		(unaudited)	(unaudited)	**(audited)**	(audited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Turnover	2	**3,445,709**	2,763,755	**14,229,177**	10,841,166
Cost of sales		**(2,137,649)**	(2,014,315)	**(9,179,551)**	(7,661,808)
Gross profit	4	**1,308,060**	749,440	**5,049,626**	3,179,358
Other income		**25,977**	20,019	**86,078**	31,774
Selling and distribution expenses		**(326,975)**	(232,060)	**(1,161,244)**	(898,478)
General and administrative expenses		**(176,496)**	(174,100)	**(620,715)**	(560,845)
Research and development expenses		**(314,616)**	(240,360)	**(1,148,382)**	(948,295)
Other gains and losses	6	**28,536**	(804)	**112,012**	(7,420)
Other expenses	7	**(168,400)**	(104,521)	**(168,400)**	(104,521)
Finance costs		**(38,912)**	(4,600)	**(120,512)**	(18,563)
Profit before taxation		**337,174**	13,014	**2,028,463**	673,010
Income tax expense	8	**(93,446)**	34,179	**(428,509)**	(114,421)
Profit for the period, attributable to owners of the Company		**243,728**	47,193	**1,599,954**	558,589
Other comprehensive (expense) income					
- exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss		**(100,381)**	50,072	**(299,755)**	93,807
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss		**(52,820)**	12,108	**(52,820)**	12,108
Other comprehensive (expense) income for the period		**(153,201)**	62,180	**(352,575)**	105,915
Total comprehensive income for the period, attributable to owners of the Company		**90,527**	109,373	**1,247,379**	664,504
Earnings per share	10				
- Basic		**HK$0.60**	HK$0.12	**HK$3.99**	HK$1.40
- Diluted		**HK$0.60**	HK$0.12	**HK$3.98**	HK$1.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2014	2013
		HK$'000	HK$'000
	Notes		
Non-current assets			
Property, plant and equipment		**2,073,489**	2,000,800
Investment property		**68,467**	70,215
Goodwill	11	**405,652**	-
Intangible assets	12	**627,338**	9,650
Prepaid lease payments		**25,587**	26,983
Pledged bank deposits		**506**	213,866
Deposits paid for acquisition of property, plant and equipment		**22,336**	61,490
Rental deposits paid		**7,332**	16,719
Deferred tax assets		**317,448**	242,427
Other non-current assets		**108,124**	79,459
		3,656,279	2,721,609
Current assets			
Inventories		**3,886,140**	3,236,119
Trade and other receivables	13	**4,119,540**	3,115,798
Prepaid lease payments		**941**	974
Derivative financial instruments		**-**	4,225
Income tax recoverable		**48,296**	65,152
Pledged bank deposits		**191,306**	-
Bank balances and cash		**2,593,756**	1,596,592
		10,839,979	8,018,860
Current liabilities			
Trade and other payables	14	**2,918,458**	2,151,810
Derivative financial instruments		**9,297**	-
Provisions		**354,170**	348,901
Income tax payable		**325,315**	251,781
Bank borrowings		**151,379**	550,778
		3,758,619	3,303,270
Net current assets		**7,081,360**	4,715,590
		10,737,639	7,437,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- continued

		At 31 December	
		2014	2013
		HK$'000	HK$'000
	Notes		
Capital and reserves			
Share capital		**40,252**	40,063
Dividend reserve		**523,274**	200,317
Other reserves		**7,641,668**	6,840,885
Equity attributable to owners of the Company		**8,205,194**	7,081,265
Non-current liabilities			
Convertible bonds	15	**2,164,204**	-
Retirement benefit obligations		**150,147**	83,133
Provisions		**61,360**	85,224
Bank borrowings		**16,159**	145,384
Deferred tax liabilities		**95,870**	5,783
Other liabilities and accruals		**44,705**	36,410
		2,532,445	355,934
		10,737,639	7,437,199

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"s) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
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 the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. SEGMENT INFORMATION

The Group has three (2013: three) operating segments: development, production and sales of (1) back-end equipment, (2) surface mount technology solutions (formerly known as surface mount technology equipment) and (3) materials (formerly known as 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 (2013: three) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, unallocated other income (expenses), unallocated net foreign exchange gain (loss), unallocated general and administrative expenses and other expenses.

2. SEGMENT INFORMATION - continued

Segment revenues and results

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(audited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Segment revenue from external customers				
Back-end equipment	**1,515,669**	1,239,540	**6,803,776**	5,200,054
Surface mount technology ("SMT") solutions	**1,479,841**	1,126,918	**5,523,883**	3,917,089
Materials	**450,199**	397,297	**1,901,518**	1,724,023
	3,445,709	2,763,755	**14,229,177**	10,841,166
Segment profit				
Back-end equipment	**249,138**	71,323	**1,372,634**	541,310
SMT solutions	**236,843**	79,235	**730,891**	210,802
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business (as defined in Note 11)	**275,533**	79,235	**769,581**	210,802
- Amortization of fair value increment of assets acquired in DEK Business	**(38,690)**	-	**(38,690)**	-
Materials	**36,406**	25,217	**174,053**	134,910
	522,387	175,775	**2,277,578**	887,022
Interest income	**2,384**	1,025	**8,794**	3,273
Finance costs	**(38,912)**	(4,600)	**(120,512)**	(18,563)
Unallocated other income (expenses)	**-**	(617)	**269**	(3,176)
Unallocated net foreign exchange gain (loss)	**30,690**	(1,274)	**86,093**	6,054
Unallocated general and administrative expenses	**(10,975)**	(52,774)	**(55,359)**	(97,079)
Other expenses	**(168,400)**	(104,521)	**(168,400)**	(104,521)
Profit before taxation	**337,174**	13,014	**2,028,463**	673,010

2. SEGMENT INFORMATION - continued

Segment revenues and results - continued

	Three months ended 31 Dec		Year ended 31 Dec	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(audited)**	(audited)
Segment profit %				
Back-end equipment	**16.4%**	5.8%	**20.2%**	10.4%
SMT solutions				
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**18.6%**	7.0%	**13.9%**	5.4%
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**16.0%**	7.0%	**13.2%**	5.4%
Materials	**8.1%**	6.3%	**9.2%**	7.8%

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

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

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

2. SEGMENT INFORMATION - continued

Other segment information

Year ended 31 December 2014

	Back-end equipment HK$'000	SMT solutions HK$'000	Materials HK$'000	Unallocated general and administrative expenditure HK$'000	Consolidated HK$'000
Amounts regularly provided to chief operating decision maker:					
Additions of property, plant and equipment					
- Additions during the year	**249,901**	**114,062**	**49,143**	**-**	**413,106**
- Arising from acquisition of subsidiaries	**2,085**	**105,406**	**-**	**-**	**107,491**
	251,986	**219,468**	**49,143**	**-**	**520,597**
Additions of intangible assets					
- Additions during the year	**-**	**4,333**	**-**	**-**	**4,333**
- Arising from acquisition of subsidiaries	**6,985**	**635,627**	**-**	**-**	**642,612**
	6,985	**639,960**	**-**	**-**	**646,945**
Amounts included in the measure of segment profit :					
Amortization for intangible assets	**1,171**	**26,738**	**-**	**-**	**27,909**
Depreciation of property, plant and equipment	**237,349**	**70,919**	**77,010**	**-**	**385,278**
Depreciation of investment property	**1,510**	**-**	**-**	**-**	**1,510**
(Gain) loss on disposal / write-off of property, plant and equipment	**(325)**	**767**	**727**	**-**	**1,169**
Release of prepaid lease payments	**691**	**-**	**250**	**-**	**941**
Research and development expenses	**632,526**	**507,427**	**8,429**	**-**	**1,148,382**
Share-based payments	**112,191**	**11,162**	**11,262**	**11,685**	**146,300**

2. SEGMENT INFORMATION – continued

Other segment information – continued

Year ended 31 December 2013	Back-end equipment HK$'000	SMT solutions HK$'000	Materials HK$'000	Unallocated general and administrative expenditure HK$'000	Consolidated HK$'000
Amounts regularly provided to chief operating decision maker:					
Additions of property, plant and equipment	179,585	94,518	39,769	-	313,872
Additions to investment property	53	-	-	-	53
Additions of intangible assets	-	3,898	-	-	3,898
Amounts included in the measure of segment profit:					
Amortization for intangible assets	-	10,157	-	-	10,157
Depreciation of property, plant and equipment	263,745	66,781	81,249	-	411,775
Depreciation of investment property	1,514	-	-	-	1,514
Loss on disposal / write-off of property, plant and equipment	10,989	99	72	-	11,160
Release of prepaid lease payments	622	-	352	-	974
Research and development expenses	534,700	407,054	6,541	-	948,295
Share-based payments	104,746	8,223	10,662	18,787	142,418

2. SEGMENT INFORMATION - continued

<u>Other segment information - continued</u>

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

	Non-current Assets At 31 December	
	2014	2013
	HK$'000	HK$'000
Mainland China	**1,554,238**	1,637,805
Europe	**843,731**	150,406
- Switzerland	**618,996**	-
- Germany	**140,711**	145,799
- United Kingdom	**67,339**	-
- Others	**16,685**	4,607
Singapore	**285,774**	227,485
Malaysia	**192,158**	196,668
Hong Kong	**42,750**	42,506
Korea	**5,468**	4,385
Americas	**5,374**	2,476
- United States of America	**4,974**	1,430
- Others	**400**	1,046
Others	**3,180**	3,585
	2,932,673	2,265,316

Note: Non-current assets excluded goodwill, deferred tax assets and pledged bank deposits.

2. SEGMENT INFORMATION - continued

<u>Other segment information - continued</u>

<u>The Group's revenue from external customers by location of customers are detailed below.</u>

	Revenue from external customers Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Mainland China	**6,126,950**	4,669,179
Europe	**2,103,924**	1,490,296
- Germany	**852,601**	723,254
- Hungary	**162,655**	74,497
- Romania	**90,141**	75,382
- Others	**998,527**	617,163
Malaysia	**1,197,632**	921,032
Taiwan	**1,174,800**	641,683
Americas	**1,153,022**	1,038,084
- United States of America	**763,056**	801,940
- Mexico	**207,248**	165,618
- Others	**182,718**	70,526
Hong Kong	**689,814**	686,393
Thailand	**471,227**	360,952
Philippines	**393,154**	292,273
Korea	**392,021**	415,786
Japan	**197,151**	117,719
Singapore	**161,352**	159,676
Others	**168,130**	48,093
	14,229,177	10,841,166

No individual customer contributes to more than 10% of the total revenue of the Group for the year.

3. Analysis of quarterly segment revenue and results

	Three months ended				Change		
	31 December 2014	30 September 2014	30 June 2014	31 March 2014	Q4 vs. Q3	Q4 vs. Q2	Q4 vs. Q1
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	HK$'000	HK$'000	HK$'000	HK$'000			
Segment revenue from external customers							
Back-end equipment	**1,515,669**	2,168,202	1,851,268	1,268,637	-30.1%	-18.1%	19.5%
SMT solutions	**1,479,841**	2,181,325	1,080,491	782,226	-32.2%	37.0%	89.2%
Materials	**450,199**	502,868	505,881	442,570	-10.5%	-11.0%	1.7%
	3,445,709	4,852,395	3,437,640	2,493,433	-29.0%	0.2%	38.2%
Segment profit							
Back-end equipment	**249,138**	563,880	388,176	171,440	-55.8%	-35.8%	45.3%
SMT solutions	**236,843**	365,270	109,472	19,306	-35.2%	116.4%	1126.8%
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	**275,533**	365,270	109,472	19,306	-24.6%	151.7%	1327.2%
- Amortization of fair value increment of assets acquired in DEK Business	**(38,690)**	-	-	-	N/A	N/A	N/A
Materials	**36,406**	43,666	56,735	37,246	-16.6%	-35.8%	-2.3%
	522,387	972,816	554,383	227,992	-46.3%	-5.8%	129.1%
Interest income	**2,384**	1,760	3,457	1,193	35.5%	-31.0%	99.8%
Finance costs	**(38,912)**	(38,389)	(36,995)	(6,216)	1.4%	5.2%	526.0%
Unallocated other income	**-**	168	101	-	N/A	N/A	N/A
Unallocated net foreign exchange gain (loss)	**30,690**	65,622	(365)	(9,854)	-53.2%	N/A	N/A
Unallocated general and administrative expenses	**(10,975)**	(17,089)	(12,247)	(15,048)	-35.8%	-10.4%	-27.1%
Other expenses	**(168,400)**	-	-	-	N/A	N/A	N/A
Profit before taxation	**337,174**	984,888	508,334	198,067	-65.8%	-33.7%	70.2%
Segment profit %							
Back-end equipment	**16.4%**	26.0%	21.0%	13.5%			
SMT solutions							
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**18.6%**	16.7%	10.1%	2.5%			
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**16.0%**	16.7%	10.1%	2.5%			
Materials	**8.1%**	8.7%	11.2%	8.4%			

3. Analysis of quarterly segment revenue and results - continued

	Three months ended				Change		
	31 December 2013	30 September 2013	30 June 2013	31 March 2013	Q4 vs. Q3	Q4 vs. Q2	Q4 vs. Q1
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	HK$'000	HK$'000	HK$'000	HK$'000			
Segment revenue from external customers							
Back-end equipment	1,239,540	1,521,569	1,491,925	947,020	-18.5%	-16.9%	30.9%
SMT solutions	1,126,918	1,092,154	880,560	817,457	3.2%	28.0%	37.9%
Materials	397,297	488,010	477,677	361,039	-18.6%	-16.8%	10.0%
	2,763,755	3,101,733	2,850,162	2,125,516	-10.9%	-3.0%	30.0%
Segment profit							
Back-end equipment	71,323	250,744	217,836	1,407	-71.6%	-67.3%	4969.2%
SMT solutions	79,235	71,497	57,236	2,834	10.8%	38.4%	2695.9%
Materials	25,217	51,335	40,603	17,755	-50.9%	-37.9%	42.0%
	175,775	373,576	315,675	21,996	-52.9%	-44.3%	699.1%
Interest income	1,025	557	759	932	84.0%	35.0%	10.0%
Finance costs	(4,600)	(4,423)	(4,568)	(4,972)	4.0%	0.7%	-7.5%
Unallocated other (expenses) income	(617)	(2,632)	76	(3)	-76.6%	N/A	20466.7%
Unallocated net foreign exchange (loss) gain	(1,274)	(16,837)	13,194	10,971	-92.4%	N/A	N/A
Unallocated general and administrative expenses	(52,774)	(21,480)	(14,949)	(7,876)	145.7%	253.0%	570.1%
Other expenses	(104,521)	-	-	-	N/A	N/A	N/A
Profit before taxation	13,014	328,761	310,187	21,048	-96.0%	-95.8%	-38.2%
Segment profit %							
Back-end equipment	5.8%	16.5%	14.6%	0.1%			
SMT solutions	7.0%	6.5%	6.5%	0.3%			
Materials	6.3%	10.5%	8.5%	4.9%			

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax excluding the effect of other expenses (see note 7) and amortization of fair value increment of assets acquired in DEK Business ("EBIT") by business is as follows:

	Year ended 31 December 2014					
	Back-end Business (Note a)	**SMT Solutions Business (Note b)**	**Total before effect of other expenses and amortization of fair value increment of assets acquired in DEK Business**	**Effect of other expenses**	**Amortization of fair value increment of assets acquired in DEK Business**	**Total after effect of other expenses and amortization of fair value increment of assets acquired in DEK Business**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Turnover	**8,705,294**	**5,523,883**	**14,229,177**	**-**	**-**	**14,229,177**
Gross profit	**3,129,379**	**1,945,924**	**5,075,303**	**-**	**(25,677)**	**5,049,626**
EBIT	**1,495,121**	**852,150**	**2,347,271**	**(168,400)**	**(38,690)**	**2,140,181**
Gross profit %	**35.9%**	**35.2%**	**35.7%**			**35.5%**
EBIT %	**17.2%**	**15.4%**	**16.5%**			**15.0%**

	Year ended 31 December 2013				
	Back-end Business (Note a)	SMT Solutions Business (Note b)	Total before effect of other expenses	Effect of other expenses	Total after effect of other expenses
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	6,924,077	3,917,089	10,841,166	-	10,841,166
Gross profit	2,095,953	1,083,405	3,179,358	-	3,179,358
EBIT	604,370	188,451	792,821	(104,521)	688,300
Gross profit %	30.3%	27.7%	29.3%		29.3%
EBIT %	8.7%	4.8%	7.3%		6.3%

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax excluding the effect of other expenses and amortization of fair value increment of assets acquired in DEK Business ("EBIT") by business is as follows: - continued

	Three months ended 31 December 2014					
	Back-end Business (Note a)	**SMT Solutions Business (Note b)**	**Total before effect of other expenses and amortization of fair value increment of assets acquired in DEK Business**	**Effect of other expenses**	**Amortization of fair value increment of assets acquired in DEK Business**	**Total after effect of other expenses and amortization of fair value increment of assets acquired in DEK Business**
	(Unaudited) HK$'000	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**
Turnover	**1,965,868**	**1,479,841**	**3,445,709**	**-**	**-**	**3,445,709**
Gross profit	**699,510**	**634,227**	**1,333,737**	**-**	**(25,677)**	**1,308,060**
EBIT	**286,985**	**293,807**	**580,792**	**(168,400)**	**(38,690)**	**373,702**
Gross profit %	**35.6%**	**42.9%**	**38.7%**			**38.0%**
EBIT %	**14.6%**	**19.9%**	**16.9%**			**10.8%**

	Three months ended 31 December 2013				
	Back-end Business (Note a)	SMT Solutions Business (Note b)	Total before effect of other expenses	Effect of other expenses	Total after effect of other expenses
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	1,636,837	1,126,918	2,763,755	-	2,763,755
Gross profit	441,856	307,584	749,440	-	749,440
EBIT	54,210	66,900	121,110	(104,521)	16,589
Gross profit %	27.0%	27.3%	27.1%		27.1%
EBIT %	3.3%	5.9%	4.4%		0.6%

Notes:

(a) Back-end Business: Back-end Equipment segment and Materials segment

(b) SMT Solutions Business: Placement Equipment and Printing Equipment (effective from Q3 2014, Printing Equipment is included)

5. DEPRECIATION AND AMORTIZATION

During the year, depreciation and amortization amounting to HK$385.3 million (2013: HK$411.8 million), HK$1.5 million (2013: HK$1.5 million) and HK$27.9 million (2013: HK$10.2 million) 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

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
The gains and losses comprise:		
Net foreign exchange gains (losses)	**118,206**	(11,909)
Reversal of legal provision (Note)	**26,372**	-
Loss on disposal / write-off of property, plant and equipment	**(1,169)**	(11,160)
(Loss) gain on fair value change of derivative financial instruments	**(32,113)**	17,963
Others	**716**	(2,314)
	112,012	(7,420)

Note: A reversal of legal provision of HK$26.4 million (nil for the year ended 31 December 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. OTHER EXPENSES

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Provision for tax-related expense (Note a)	**168,400**	-
Restructuring cost (Note b)	**-**	104,521
	168,400	104,521

Notes:

(a) As detailed in note 8, the Group continued to receive letters from the Hong Kong Inland Revenue Department ("HKIRD") during the year ended 31 December 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-related expenses and a provision for tax-related expenses has been charged to profit or loss accordingly.

(b) Due to the local authorities' redevelopment plans for the Yantian District of Shenzhen, part of the operation of a subsidiary of the Company, Shenzhen ASM Micro Electronic Technology Co., Ltd., was required to move out of its premises located in Yantian District by October 2014. The Group announced the details of the relocation and compensation plan to the affected employees in October 2013. In connection with this plant relocation, the Group recorded HK$104,521,000 restructuring costs for the year ended 31 December 2013, which primarily relates to severance payments of HK$74,367,000 and incentive payments and other compensation of HK$24,020,000 to employees for relocation to new premises of the Group.

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**43,731**	38,859
PRC Enterprise Income Tax	**81,838**	72,304
Other jurisdictions	**294,435**	87,664
	420,004	198,827
Under(over) provision in prior years:		
Hong Kong	**34,295**	(30)
PRC Enterprise Income Tax	**248**	2,086
Other jurisdictions	**3,445**	(9,750)
	37,988	(7,694)
Deferred tax credit		
Current year	**(29,483)**	(76,712)
	428,509	114,421

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

(b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% (2013: 25%).

(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% (2013: 17%).

8. INCOME TAX EXPENSE – continued

(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 year. 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% (2013: 32.825%).

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

The Group continued to receive letters from the HKIRD during the year ended 31 December 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 31 December 2014, the Group purchased tax reserve certificates amounting to HK$323,829,000 (2013: HK$298,529,000).

Based on legal and other professional advice that the Company has sought, the directors continued to be of the opinion that sufficient provision for taxation has been made in the consolidated financial statements.

9. DIVIDENDS

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Dividend recognized as distribution during the year		
Interim dividend paid 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
Final dividend paid for 2013 of HK$0.50 (2013: final dividend paid for 2012 of HK$0.30) per share on 400,633,700 (2013: 399,244,500) shares	**200,317**	119,773
	520,824	259,509
Dividend proposed after the year end		
Proposed final dividend for 2014 of HK$1.30 (2013: HK$0.50) per share on 402,518,700 (2013: 400,633,700) shares	**523,274**	200,317

The final dividend of HK$1.30 (2013: final dividend of HK$0.50) per share in respect of the year ended 31 December 2014 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. EARNINGS PER SHARE

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(audited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**243,728**	47,193	**1,599,954**	558,589
	Number of shares (in thousands)		**Number of shares (in thousands)**	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**400,810**	399,269	**400,566**	399,115
Effect of dilutive potential shares from Employee Share Incentive Scheme	**1,759**	1,400	**1,556**	1,240
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**402,569**	400,669	**402,122**	400,355

Note: The computation of diluted earnings per share for the three months ended 31 December 2014 and the year ended 31 December 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. GOODWILL

At 31 December 2014, the Company has recognized goodwill of HK$405,652,000 (2013: nil) arising from acquisition of entire equity interest of 13 direct and indirect subsidiaries engaged in the screen printing and processes business ("DEK Business") from Dover Corporation on 2 July 2014, which represented the excess of the fair value of the consideration transferred over the net amount of provisional fair value of the identifiable assets acquired and the liabilities assumed.

12. INTANGIBLE ASSETS

At 31 December 2014, intangible assets principally comprised trade name, technology and customer bases acquired from the acquisition of DEK Business, the fair values of which at date of acquisition were determined by the management of the Company with reference to the valuation report prepared by an independent professional valuer as at 2 July 2014.

13. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Trade receivables (Note a)	**3,385,276**	2,475,927
Amount recoverable from Siemens AG (Note b)	**33,001**	52,741
Value added tax recoverable	**214,525**	170,132
Tax reserve certificate recoverable	**323,829**	298,529
Other receivables, deposits and prepayments	**170,241**	135,188
	4,126,872	3,132,517
Less : Non-current rental deposits paid shown under non-current assets	**(7,332)**	(16,719)
	4,119,540	3,115,798

The following is an aging analysis of trade receivables presented based on the due date at the end of reporting period:

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Not yet due	**2,751,032**	1,939,899
Overdue within 30 days	**353,222**	234,819
Overdue within 31 to 60 days	**161,519**	108,539
Overdue within 61 to 90 days	**53,047**	75,499
Overdue over 90 days	**66,456**	117,171
	3,385,276	2,475,927

Notes:

(a) The amount included notes receivables amounting to HK$457,333,000 (31 December 2013: HK$469,411,000).

(b) Pursuant to the Master Sale and Purchase Agreement, Siemens AG undertakes to pay to the Group such amount as is necessary to indemnify 13 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. Amount of HK$15,126,000 was settled in 2014 and the remaining is expected to be settled in 2015.

Credit policy:

Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 days 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.

14. TRADE AND OTHER PAYABLES

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Trade payables	**1,373,839**	1,161,150
Amounts due to subsidiaries of a shareholder – trade (Note)	**-**	119
Accrued salaries and wages	**262,946**	243,030
Other accrued charges	**560,069**	382,621
Deposits received from customers	**372,169**	259,192
Accrual for tax-related expense	**168,400**	-
Payables arising from acquisition of property, plant and equipment	**110,284**	73,073
Other payables	**115,456**	69,035
	2,963,163	2,188,220
Less : Non-current other liabilities and accruals	**(44,705)**	(36,410)
	2,918,458	2,151,810

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

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Not yet due	**779,839**	622,760
Overdue within 30 days	**302,062**	228,622
Overdue within 31 to 60 days	**166,269**	147,766
Overdue within 61 to 90 days	**70,524**	87,837
Overdue over 90 days	**55,145**	74,165
	1,373,839	1,161,150

Note: Balance represented amounts due to subsidiaries of a shareholder of the Company, ASM International N.V., which were mainly not yet due, unsecured, non-interest bearing and repayable according to normal trade terms. Such amount was fully settled in current year.

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. 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, 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.

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.

15. CONVERTIBLE BONDS – continued

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.

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

	Liability component	Equity component	Total
	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 year	107,826	-	107,826
Interest paid	(24,000)	-	(24,000)
At 31 December 2014	2,176,894	266,932	2,443,826

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

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Current liabilities (included in trade and other payables)	**12,690**	-
Non-current liabilities	**2,164,204**	-
	2,176,894	-

REVIEW

2014 has been another satisfying year in the Group's strategic transformation. Not only did the Group again achieve many new records, it also successfully established its SMT Solutions business as its second growth engine.

During the year, the Group completed two acquisitions, which have served to further expand its product portfolio and will significantly enhance the Group's competitiveness in the marketplace. Over the past four years, the Group has successfully expanded its total addressable market (TAM) from approximately US$5 billion in 2010 to around US$10 billion currently.

Moreover, the acquisitions added valuable technologies to the Group. With the addition of the multi-beam laser separation, printing and surface-mount technologies to the Group's traditional core competencies in back-end assembly and packaging, the Group is now well-equipped to address new and emerging advanced packaging applications such as embedded printed circuit boards (PCB), system-in-package (SIP), wafer-level packaging, redistribution layers (RDL), flip-chip bonding, thermo-compression bonding (TCB) and advanced CMOS imaging sensors (CIS).

Last year, all three of our business segments achieved revenue growths over the preceding year, notably with both the SMT Solutions and Materials Segments setting multiple new records.

Our Back-end Equipment business continued to be the top supplier in the global market, a position that we first attained in 2002. Over the past thirteen years, the Group was displaced from its leadership position only once in 2012. In fact, the revenue gap with our closest rival has further increased to an unprecedented high last year.

Our Lead frame business continued to set new revenue records and it has grown to become the 4th largest global supplier. Our Lead frame business has been consistently setting new revenue records for the past three years on its way to advancing its market position.

Our SMT Solutions business has arrived at a new revenue record and has taken over the world number two position. We believe that our market share has already exceeded the 20% level and that we have significantly narrowed the revenue gap with the top SMT equipment supplier in the global market. Our team is fully motivated to attain the goal of becoming the global leader in the supply of SMT equipment by 2016.

The year 2014 also marked a turnaround year for the Group in terms of profitability. All three business segments delivered higher profits as well as better profitability. In particular, the profit contribution from our SMT Solutions business has improved significantly.

Last year, the Group attained a new revenue record of HK$14.23 billion (US$1.83 billion), representing a growth of 31.3% as compared to 2013. Net profits for the Group amounted to HK$1.60 billion, representing a surge of 186.4% over the preceding year. Significantly, the Group achieved record quarterly profits before tax (PBT) during the third quarter of last year.

The revenue of the Group was also at a new record during the second half of last year, amounting to HK$8.30 billion (US$1.07 billion), which represented growths of 41.5% and 39.9% against the second half of 2013 and the preceding six months respectively. Net profits for the six-month period amounted to HK$1.03 billion, which was a significant expansion of 220.3% over the same period of 2013. The Group achieved a gross margin of 36.7% during the second half of last year.

REVIEW – continued

Group revenue for the fourth quarter of last year grew by 24.7% year-on-year to HK$3.45 billion (US$444.0 million). It was slightly below the low-end of our expectations due to some customers postponing deliveries to the subsequent quarter. Net profits for the fourth quarter amounted to HK$243.7 million, representing a surge of 416.4% over the same period of 2013. The Group achieved a gross margin of 38.0% during the fourth quarter of last year. Group revenue in the fourth quarter of last year contracted 29.0% as compared to the third quarter of last year. During the fourth quarter last year, the Group has booked a provision for tax-related expenses of HK$168.4 million in relation to the tax enquiries the Group has been receiving from the Hong Kong Inland Revenue Department ("HKIRD") since 2006 (Note 7). Since discussions with HKIRD have been ongoing for some years, efforts are being made to resolve the pending issues. The Group also booked a charge of HK$38.7 million relating to amortization of fair value increment of assets acquired in DEK business (Note 3). Excluding these two charges, profit before tax would have been HK$544.3 million for the quarter. Annual amortization of around HK$47.4 million relating to the fair value increment of assets acquired in DEK business will be charged in 2015 and such amount will decrease gradually in future years.

The Group's business remains highly diversified geographically, with China (including Hong Kong) (47.9%), Europe (14.8%), Malaysia (8.4%), Taiwan (8.3%) and the Americas (8.1%) being the top five markets for the Group in 2014. Moreover, we continued to build our business on an extensive customer base. In 2014, no customer accounted for more than 10% of the Group's revenue. The top 5 customers combined contributed to 20.4% of the Group's sales revenue, and 80% of the Group's revenue came from 182 customers.

Out of our top 20 customers, 7 were from the SMT Solutions business and 6 were key customers for both the Back-end and SMT Solutions businesses. The top 20 customers of the Group consisted of customers from different market segments such as the world's leading independent device manufacturers (IDMs), tier-1 outsourced semiconductor assembly and test (OSAT) suppliers, major OSATs in China, key light-emitting diode (LED) players, top electronic manufacturing services (EMS) providers and leading automotive component suppliers. Last year, Back-end Equipment sales to IDM customers were higher than sales to OSAT customers.

New order bookings for all three segments of our business improved over the previous year. Our new order bookings last year amounted to US$1.91 billion, a strong increase of 37.8% as compared to 2013, and achieved a new record for the Group.

New order bookings for the second half of last year was US$875.5 million, representing a growth of 32.6% as compared to the same period in 2013, although it was a contraction of 15.4% from the first half of last year.

New order bookings for the fourth quarter of last year was US$342.5 million, representing a growth of 17.0% as compared to the same period in 2013 but a contraction of 35.7% from the preceding quarter.

The book to bill ratio for 2014 was 1.04, while the backlog as of the end of the year was US$361.8 million.

We believe that our achievements in the past year clearly reflect our successful business strategies. We have grown our business with a diversified product portfolio and large customer base. Besides enabling the Group to be more resilient during periods of challenging market conditions, it has further aided the Group in taking advantage of the opportunities brought about by rapid changes in technology and applications.

REVIEW – continued

Furthermore, the Group's proven strategies of focusing on multiple application markets, investing in advanced technologies and collaborating with leading customers have paid off quite handsomely over the past few years.

For decades, ASMPT had built its successes on internal organic growth. Nevertheless, over the past four years, the Group has demonstrated its competence in pursuing strategic acquisitions. We believe that this new competence will enable ASMPT to take full advantage of the current market conditions – namely, the trends of consolidation and technology transition. The enhanced skill-set will certainly help to accelerate the growth of ASMPT.

Back-end Equipment Segment

The revenue of our Back-end Equipment business grew by 30.8% last year to HK$6.80 billion (US$877.2 million), which was the second highest in the Group's history, and the Back-end Equipment business contributed 47.8% to the Group's total revenue.

Since 2002, our Back-end Equipment business has held the number one position in the global market, except in 2012 when it was the second largest supplier. In 2014, revenue from our Back-end Equipment business was 65.3% higher than the revenue of our closest rival, with the revenue gap now at a new record of US$346.6 million.

Last year, we experienced strong revenue growth for almost all the major products comprised the Back-end Equipment business. Leading the growth were bonders, including die bonders, flip chip bonders, TCB bonders and wire bonders, while our other Back-end products also demonstrated steady growth.

Many new products that we have developed over the past few years contributed to the solid performance of our Back-end Equipment business last year. They were able to either contribute to last year's strong revenue growth or to gross margin improvement. TCB bonders and test handlers performed particularly well.

Our acquisition of the Laser Separation business (ALSI) has been well-received by customers. Customers were not only impressed by the superior laser technology, high throughput and outstanding quality offered by ALSI's laser grooving and dicing systems, they also gained assurance from ALSI's financial backing from a major supplier like ASMPT. With the acquisition, ALSI is now able to leverage on ASMPT's extensive sales and service network to reach out to customers, particularly in Asia. ALSI is also able to leverage on ASMPT's engineering and manufacturing expertise along with the enabling technologies of ASMPT to drive down the costs of its products.

Laser grooving is becoming almost a necessity for low-k and ultra low-k semiconductor wafers. For some wafer-level packaging applications, it is also necessary to prepare the wafer well with good-quality grooves before the wafer reconstruction process. Laser dicing also significantly reduces the number of process steps for die separation of thin wafers, which is the trend for flash memory and advanced packages. ALSI's multi-beam technology places ASMPT technically well ahead of the competition in the laser dicing arena. Currently, we are the world leader in the RF (radio frequency) application market. Our technology is particularly well suited for dicing silicon-based LED wafers, an emerging technology in the LED market.

Last year, the growth of our Back-end Equipment business was propelled by both the IC/Discrete and LED markets. Smart phones continued to be the major growth driver for the market. The Group also benefitted from the proliferation of higher pixel-count cameras and the installation of multiple cameras on portable electronic devices. Automotive and power management devices were other growth drivers for our business.

REVIEW – continued

Flip chip bonders, in particular TCB bonders, made substantial contributions to last year's revenue growth.

The strong demand for Back-end Equipment for LED manufacturing last year was mainly driven by LED general lighting and display applications. Besides traditional die and wire bonders, we shipped a substantial quantity of bonders for the assembly of flip-chip LEDs.

During the second half of last year, Back-end Equipment revenue amounted to HK$3.68 billion (US$475.0 million), representing growths of 33.4% and 18.1% against the second half of 2013 and the preceding six months respectively.

Back-end Equipment revenue for the fourth quarter last year grew 22.3% year-on-year to HK$1.52 billion (US$195.3 million) but contracted 30.1% from the preceding quarter due to seasonal factors.

New order bookings for Back-end Equipment last year increased strongly by 41.8% as compared to 2013. It was the second highest level of bookings in the Group's history.

New order bookings for the second half of last year grew 26.6% as compared to the same period of 2013, but contracted 25.2% from the first half of last year.

New order bookings for the fourth quarter of last year grew 3.0% as compared to the same period in 2013, but contracted 46.5% from the preceding quarter. The booking contraction in the fourth quarter appears to reflect that customers' capex last year was mainly front-loaded to the early part of the year.

Profitability of our Back-end Equipment business improved significantly last year, achieving a gross margin of 41.9% and a segment result of 20.2%, representing improvements of 609 bps and 976 bps over the previous year, respectively. The improvement was mainly due to stable average selling price (ASP), aggressive cost reduction efforts, and the introduction of new models of machines. The Back-end Equipment business achieved a gross margin of 42.8% and a segment result of 22.1%, respectively, during the second half of last year.

With our relentless efforts to diversify our product portfolio over the past few years, we have successfully reduced our dependence on the demand for traditional die and wire bonders. Last year, the revenue generated from traditional die and wire bonders for assembly of semiconductor and LED devices contributed to less than 60% of our Back-end Equipment business. It has come down from around the 80% level, which used to be the norm until 2010. The remainder was mainly contributions from packaging-related equipment, test handlers, flip-chip bonders, TCB bonders, clip bonders for power management devices, CMOS image sensor assembly equipment, laser grooving and dicing systems and other advanced packaging equipment. While we believe that wire bonding remains the most cost-effective interconnection technology for semiconductor devices and will continue to account for a much higher volume of semiconductor devices shipped globally, we do recognize the fast-growing trend towards the adoption of advanced packaging technology. Over the past few years, the Group has been consciously building a product portfolio that will reduce its dependence on wire bonding interconnection technology, but without losing focus on it.

While ASMPT has diversified into the SMT Solutions business, it remains committed to the Back-end Equipment business. We believe that we have put in place the right product and technology portfolio to take advantage of the continuing technology transition to advanced packages, a position that no single player in the industry is getting close to achieving as yet. ASMPT will be the undoubted partner for its customers in their pursuit of a successful transition to advanced packaging technology.

REVIEW – continued

Materials Business Segment

Last year, revenue of our Lead frame business attained another new record of HK$1.90 billion (US$245.2 million), representing a growth of 10.3% from the year before. Both our Stamped and Etched Lead frame businesses achieved new revenue records.

In particular, our Lead frame business has been repeatedly setting new revenue records consecutively for the past three years. Last year, we have progressed to the world number 4 position. It is noteworthy that over the past ten years, our Lead frame business has achieved a CAGR of 12.2%. Last year, Lead frame revenue contributed to 13.4% of the Group's total revenue.

During the second half of last year, Lead frame revenue amounted to HK$953.1 million (US$122.9 million), representing growths of 7.7% and 0.5% against the second half of 2013 and the preceding six months respectively. The result has set a new half-year revenue record.

Lead frame revenue for the fourth quarter last year grew 13.3% year-on-year to HK$450.2 million (US$58.0 million), but contracted 10.5% from the preceding quarter due to seasonal factors.

New order bookings for Lead frames increased by 3.6% last year as compared to 2013, setting a new record in the process. New order bookings for the second half of last year grew 9.4% as compared to the same period in 2013, but contracted 11.8% from the first half of last year. New order bookings for the fourth quarter of last year contracted by 0.6% and 6.5% as compared to the same period in 2013 and the preceding quarter, respectively.

Profitability of our Lead frame business has improved last year. Whilst revenue increased by 10.3% year-on-year, segment results improved by 29.0%.

SMT Solutions Segment

Our investment in the SMT Solutions business has borne further fruit. Last year, our SMT Solutions business contributed to 38.8% of the Group's revenue and 37.1% of the Group's PBT. Its contribution during the second half of 2014 was especially significant. During the second half of last year, the SMT Solutions business contributed to 44.1% of the Group's revenue and 46.8% of the Group's PBT.

With the improved performance, our SMT Solutions Segment has now firmly established itself as the second growth engine of the Group.

Revenue of our SMT Solutions business grew 41.0% to HK$5.52 billion (US$712.3 million) last year, setting a new revenue record. At the same time, we have now become the second largest global SMT equipment supplier and the undisputed leader in the European and Americas markets.

We believe that our market share has crossed the 20% level last year, which is a remarkable growth from around 11-12% when the business was acquired by the Group back in 2011. Admirably, this outstanding performance was achieved against the backdrop of a significant depreciation in the Japanese yen, which gave the products of our Japanese competitors a pricing advantage.

We further believe that our gap with the SMT equipment industry's top supplier has been significantly narrowed. We are optimistic about the future and will continue to work towards pursuing our goal of being the top global player in the SMT equipment industry by 2016.

REVIEW – continued

Our SMT Solutions business is also starting to make substantial contributions to the Group's profitability. It achieved a gross margin of 34.8% and a segment result of 13.2% last year. Its performance during the second half of last year was even better, attaining a gross margin of 36.6% and a segment result of 16.4%.

While the depreciation of Japanese yen has put much pressure on our ASP, we have been able to offset its negative effects on our profitability to some extent with our superior technology, outstanding machine performance, savings from in-sourcing and the depreciation of the Euro against the US dollar.

During the second half of last year, the revenue of our SMT Solutions business amounted to HK$3.66 billion (US$472.2 million), once again setting a new half-year record. It represented surges of 65.0% and 96.5% compared to the same period last year and the preceding six months, respectively.

During the fourth quarter of last year, the revenue of our SMT Solutions business amounted to HK$1.48 billion (US$190.7 million), representing an increase of 31.3% and a contraction of 32.2% compared to the same period of last year and the preceding quarter, respectively. It achieved a gross margin of 41.1% and a segment result of 16.0% during the fourth quarter of last year, due to favorable geographical and product mix.

Bookings for our SMT Solutions business grew 48.8% last year, thereby achieving a new bookings record. Bookings were boosted by 50.2% year-on-year during the second half of last year. New orders received during the fourth quarter grew by 44.3% year-on-year but contracted 31.0% from the third quarter of last year, due to seasonal reasons.

The integration of the Printing business ("the DEK Business") that we acquired in July last year is progressing well. Over the past few months, our engineers have been aggressively working on projects to realize synergies to bring down the cost of our printers and to further enhance their performance by utilizing technologies that are widely available in our Back-end Equipment segment and the SMT Placement division.

The acquisition is also well-received by both existing and potential customers. From customer surveys that were conducted last year, we confirmed that the synergistic benefits that we have established by offering to the market a closed-loop line solution is exactly what many customers are looking forward to from the combination of the DEK and SIPLACE brands of ASMPT.

The integration further allows us to enjoy the benefits of leveraging on the market reaches of both businesses to expand our market penetration, optimization of distribution channels and our customer relationship management ("CRM") organization. We expect that these will translate into even better customer service and coverage, increases in sales revenue and market share, as well as cost reductions for us.

With the newly-established SMT Solutions Segment, ASMPT maintains a strong foothold in the automotive and industrial markets, and increases its opportunities in the mobile phone market while at the same time reaching out to the LED, semiconductor and advanced packaging applications.

LIQUIDITY AND FINANCIAL RESOURCES

Cash on hand as of 31 December 2014 was HK$2.59 billion (2013: HK$1.60 billion). During 2014, HK$520.8 million was paid as dividends (2013: HK$259.5 million). Capital addition during the period amounted to HK$444.1 million (2013: HK$350.4 million), which was funded by the year's depreciation and amortization of HK$417.9 million (2013: HK$427.4 million). Accounts receivable have been tightly monitored during the year. Accounts receivable increased to 86.8 days sales outstanding (2013: 83.4 days) as a result of significantly increased sales.

On 28 March 2014, the Group completed the issuance of Convertible Bonds in the principal amount of HK$2.4 billion at 2.00 per cent interest which are due in 2019 (the "Bonds"). The Group used the net proceeds from the Bond issuance to pay for the purchase consideration for the acquisition of the DEK Business, and for general working capital purposes. The Bonds are convertible into shares of the Group in the circumstances set out in the terms and conditions in relation to the Bonds at an initial Conversion Price of HK$98.21 per share (subject to adjustments).

As of 31 December 2014, the current ratio was 2.88, with a debt-equity ratio of 28.6% (debt represents all bank borrowings and convertible bonds). The Group had available bank loans and overdraft facilities of HK$2.27 billion (US$292.4 million) or its equivalent, out of which HK$533.3 million (US$68.8 million) or its equivalent were committed facilities. As of 31 December 2014, HK$167.5 million (US$21.6 million) of the Group's bank loan and overdraft facilities was drawn down, out of which utilization of committed facilities was HK$145.4 million (US$18.8 million). The Group's shareholders' funds increased to HK$8.21 billion as at 31 December 2014 (2013: HK$7.08 billion).

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

We continue to believe in returning excessive cash to our shareholders as dividends. After considering our mid- to short-term needs and our cash on hand, the Board recommends a final dividend of HK$1.30 per share. The total dividend payout for 2014 is HK$2.10 per share and the payout ratio is 52.7%.

HUMAN RESOURCES

ASMPT recognizes human resources as 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 staff based on the Group's financial results and individual performance.

As of 31 December 2014, the total headcount of the Group worldwide was approximately 15,900 people, of whom 1,400 were based in Hong Kong, 10,600 were based in Mainland China, 1,200 were based in Singapore, 800 were based in Malaysia, 900 were based in Germany and 400 were based in the United Kingdom. The rest were based in other locations around the world.

HUMAN RESOURCES – continued

ASMPT invests aggressively to build up its competence in core and enabling technologies. After its recent acquisitions, ASMPT is currently operating six R&D centers around the globe. These R&D centers are located in Hong Kong, Chengdu (China), Singapore, Munich (Germany), Weymouth (United Kingdom) and Beuningen (Netherlands). As of end-2014, there were around 1,500 product development and R&D engineers in ASMPT, with about 60% of them having either a Master's degree or a PhD.

In order to cope with the cyclical nature of its business, the Group has adopted the strategy of building a flexible production workforce. During the past two years, the Group has increased the deployment of contract and out-sourced workers in its production operations.

Total manpower costs for the Group for 2014 were HK$3.94 billion, as compared with HK$3.32 billion for 2013

PROSPECTS

While 2014 has been a strong year, market participants generally remain confident that 2015 will be similarly healthy. Some analysts have forecasted that the semiconductor assembly and packaging equipment market will stay at around the same high level as 2014, followed by a small correction of around 10% in 2016, before it continues its growth momentum in years 2017 and 2018. The SMT equipment market typically closely follows the semiconductor assembly and packaging equipment market, albeit with a delay of one to two quarters.

For ASMPT, we expect new order bookings in the first quarter of this year to rebound from the level of the last quarter of 2014 to show a moderate double-digit percentage improvement quarter-on-quarter. However, as the first quarter of a year is typically the low season, we expect Group billings in the first quarter of 2015 to fall from the level of the preceding quarter, but to show a low to moderate double-digit percentage improvement year-on-year.

We believe that smart phones and tablet computers will continue be the major volume contributors for the semiconductor industry. Other applications such as automotive electronics, power management devices, MEMs and CMOS imagining sensors will offer additional growth channels for the semiconductor industry. In the LED market, LED general lighting, 4K televisions and large LED display panels will be the market drivers.

We expect the semiconductor industry to continue its transition to advanced packages. However, traditional die and wire bonding will continue be the mainstream interconnection technology due to its well-established industry infrastructure and acknowledged cost advantages. On the other hand, advanced packages offer benefits of small form factor and thin packages, high transmission speeds and superior electrical performance.

ASMPT continues to invest in advanced packaging technologies. The Group is developing a product portfolio to serve this market. For flip chip interconnection, the Group offers its customers flip chip bonders and TCB bonders. For wafer-level packaging and RDL (redistribution layer), the Group offers its customers laser grooving systems for wafer preparation; die bonders and high precision SMT placement equipment are available for wafer reconstruction; and wafer and panel molding systems to support wafer encapsulation. The Sunbird, a test and pack system, is currently under development and is targeted to be launched to the market in the second half of this year.

The Group is retaining its focus on the traditional die and wire bonder market since it will continue to be the largest segment of the assembly and packaging equipment market for a long time to come. The Group aims to defend its high market share in some areas and to further gain market share in other areas.

PROSPECTS – continued

The Group also continues to develop products that are not sensitive to the change of interconnection technologies, such as encapsulation systems, singulation systems and test handlers.

We believe that we have put in place the right product portfolio and business strategy to ride on the growth of the industry and to put ASMPT in a unique position relative to its peers.

The combination of the printing business from DEK and placement business from SIPLACE puts ASMPT in a strong position to compete for the number one position in the global SMT market. This second growth engine is expected to propel ASMPT to new heights. Furthermore, together with the Back-end Equipment business, it puts ASMPT in a very good position to address the SIP market.

Last but not least, the breadth and depth of technologies developed by the more than 1,400 high-quality R&D engineers around the world will differentiate ASMPT from its peers and puts ASMPT at the forefront of the technology transition race.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that a professional 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 amounted to HK$15.9 million.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules throughout the year 31 December 2014.

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

The Group has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code during the year ended 31 December 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 consolidated financial statements for the year ended 31 December 2014 in conjunction with the Company's external auditor.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. 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, 4 March 2015