ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2015 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Strong Growth in Revenue and Profitability

Second Quarter of 2015

- **Group revenue of US$485.3 million, significant increases of 23.1% and 9.4% over the preceding quarter and the same period last year, respectively**
- **Net profit of HK$438.3 million, representing surge of 54.0% and improvement of 5.1% over the preceding quarter and the same period last year, respectively**
- **Earnings per share of HK$1.09 for the second quarter 2015**
- **Back-end equipment revenue of US$240.1 million, representing increases of 36.2% and 0.6% over the preceding three months and the same period last year, respectively**
- **Materials revenue of US$57.8 million, representing an increase of 1.4% over the preceding three months and a decline of 11.5% against the same period last year**
- **SMT Solutions revenue of US$187.4 million, representing strong increases of 34.4% and 16.4% over the same period last year and the preceding three months, respectively**
- **New order bookings of US$494.0 million, an increase of 6.3% over the preceding quarter**
- **Cash and bank deposits of HK$1.83 billion as of 30 June 2015**

First Half of 2015

- **Group revenue of US$879.3 million, representing an increase of 15.0% over the first six-month period of last year and a decline of 17.8% against the second six-month period of last year**
- **Net profit of HK$722.9 million, representing an increase of 26.0% and a decline of 29.6% as compared to the first and second six-month period of 2014, respectively**
- **Earnings per share of HK$1.80 for the first half of 2015**
- **Back-end equipment revenue of US$416.3 million, representing an increase of 3.5% and a decline of 12.4% over the first and second six-month period of last year, respectively**
- **Materials revenue of US$114.7 million, representing contractions of 6.2% and 6.7% over the first and second six-month periods of last year, respectively**
- **SMT Solutions revenue of US$348.3 million, representing an increase of 45.0% over the first six-month period of 2014 and a decline of 26.2% against the second six-month period of 2014**
- **New order bookings of US$958.5 million, an increase of 9.5% over the preceding six-month period**
- **Order backlog stood at US$441.2 million as of 30 June 2015**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2015:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved revenue amounting to **HK$6.8 billion** (US$879.3 million) in the six months ended 30 June 2015, representing an increase of 15.0% as compared with HK$5.9 billion (US$764.6 million) for the first six months of 2014 and a decline of 17.8% against the preceding six months. The Group's consolidated profit after taxation for the first six months of 2015 was **HK$722.9 million** as compared to a profit of HK$573.8 million in the corresponding period in 2014 and a profit of HK$1.0 billion in the preceding six months. Basic earnings per share (EPS) for the first six months of 2015 amounted to HK$1.80 (first six months of 2014: HK$1.43, second six months of 2014: HK$2.56).

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$1.00 (2014: HK$0.80) per share, payable to shareholders whose names appear on the Register of Members of the Company on 21 August 2015.

The Register of Members will be closed from 19 August 2015 to 21 August 2015, both days inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant shares certificates, must be lodged with Company's Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00p.m. on 18 August 2015. The interim dividend will be paid on or about 28 August 2015.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 June		Six months ended 30 June	
		2015	2014	**2015**	2014
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Revenue	2	**3,761,952**	3,437,640	**6,817,818**	5,931,073
Cost of sales		**(2,341,584)**	(2,241,207)	**(4,284,315)**	(3,926,888)
Gross profit		**1,420,368**	1,196,433	**2,533,503**	2,004,185
Other income		**5,276**	5,961	**12,950**	7,756
Selling and distribution expenses		**(333,088)**	(266,617)	**(631,199)**	(500,266)
General and administrative expenses		**(190,508)**	(145,053)	**(361,311)**	(272,309)
Research and development expenses		**(300,404)**	(271,589)	**(581,636)**	(507,025)
Other gains and losses	5	**(18,401)**	26,194	**52,037**	17,271
Finance costs	6	**(39,158)**	(36,995)	**(76,954)**	(43,211)
Profit before taxation		**544,085**	508,334	**947,390**	706,401
Income tax expense	7	**(105,825)**	(91,193)	**(224,534)**	(132,569)
Profit for the period, attributable to owners of the Company		**438,260**	417,141	**722,856**	573,832
Earnings per share	9				
- Basic		**HK$1.09**	HK$1.04	**HK$1.80**	HK$1.43
- Diluted		**HK$1.09**	HK$1.04	**HK$1.79**	HK$1.43

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 June		**Six months ended 30 June**	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit for the period, attributable to owners of the Company	**438,260**	417,141	**722,856**	573,832
Other comprehensive income (expense)				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	**76,089**	(17,531)	**(192,358)**	(25,994)
Total comprehensive income for the period, attributable to owners of the Company	**514,349**	399,610	**530,498**	547,838

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**2,032,924**	2,073,489
Investment property		**67,739**	68,467
Goodwill		**405,432**	405,652
Intangible assets		**608,427**	627,338
Prepaid lease payments		**24,756**	25,587
Pledged bank deposits		**1,957**	506
Deposits paid for acquisition of property, plant and equipment		**24,311**	22,336
Rental deposits paid		**7,757**	7,332
Deferred tax assets		**342,196**	317,448
Other non-current assets		**106,192**	108,124
		3,621,691	3,656,279
Current assets			
Inventories		**4,028,858**	3,886,140
Trade and other receivables	10	**4,760,311**	4,119,540
Prepaid lease payments		**906**	941
Derivative financial instruments		**2,339**	-
Income tax recoverable		**44,841**	48,296
Pledged bank deposits		**8,688**	191,306
Structured deposits	11	**94,648**	-
Bank deposits with original maturity of more than three months		**155,770**	-
Bank balances and cash		**1,669,387**	2,593,756
		10,765,748	10,839,979
Current liabilities			
Trade and other payables	12	**2,710,838**	2,918,458
Derivative financial instruments		**2,910**	9,297
Provisions		**328,361**	354,170
Income tax payable		**417,433**	325,315
Bank borrowings		**80,752**	151,379
		3,540,294	3,758,619
Net current assets		**7,225,454**	7,081,360
		10,847,145	10,737,639

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Notes	**At 30 June 2015 (Unaudited) HK$'000**	At 31 December 2014 (Audited) HK$'000
Capital and reserves			
Share capital		**40,252**	40,252
Dividend reserve		**402,519**	523,274
Other reserves		**7,812,158**	7,641,668
Equity attributable to owners of the Company		**8,254,929**	8,205,194
Non-current liabilities			
Convertible bonds	13	**2,214,074**	2,164,204
Retirement benefit obligations		**153,420**	150,147
Provisions		**70,626**	61,360
Bank borrowings		**38,761**	16,159
Deferred tax liabilities		**76,350**	95,870
Other liabilities and accruals		**38,985**	44,705
		2,592,216	2,532,445
		10,847,145	10,737,639

Notes:

1. Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014. In addition, the Group has applied the following accounting policy for the financial assets at fair value through profit or loss ("FVTPL") recognized during the current interim period:

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the condensed consolidated statement of profit or loss.

In the current interim period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

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

2. Segment information

The Group has three operating segments: development, production and sales of (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 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 gain (loss) and unallocated general and administrative expenses.

Segment revenue and results

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

	Six months ended 30 June	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue from external customers		
Back-end equipment	**3,227,849**	3,119,905
Surface mount technology ("SMT") solutions	**2,700,674**	1,862,717
Materials	**889,295**	948,451
	6,817,818	5,931,073
Segment profit		
Back-end equipment	**507,766**	559,616
SMT solutions	**407,333**	128,778
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	**430,915**	128,778
- Amortization of fair value increment of assets acquired in DEK Business	**(23,582)**	-
Materials	**82,383**	93,981
	997,482	782,375
Interest income	**3,527**	4,650
Finance costs	**(76,954)**	(43,211)
Unallocated other income	**-**	101
Unallocated net foreign exchange gain (loss)	**49,394**	(10,219)
Unallocated general and administrative expenses	**(26,059)**	(27,295)
Profit before taxation	**947,390**	706,401

2. Segment information – continued

Segment revenue and results - continued

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Segment profit %		
Back-end equipment	**15.7%**	17.9%
SMT solutions		
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**16.0%**	6.9%
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**15.1%**	6.9%
Materials	**9.3%**	9.9%

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.

2. Segment information – continued

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

Geographical analysis of revenue by location of customers

	Revenue Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China	**2,801,247**	2,556,388
Europe	**1,113,993**	756,079
- Germany	**321,889**	252,141
- Hungary	**94,276**	85,293
- Romania	**90,709**	48,247
- Austria	**68,712**	33,307
- Others	**538,407**	337,091
Hong Kong	**576,470**	326,799
Americas	**474,999**	566,382
- United States of America	**327,797**	353,738
- Mexico	**73,845**	99,372
- Canada	**52,585**	79,569
- Others	**20,772**	33,703
Malaysia	**441,139**	574,076
Taiwan	**319,106**	409,587
Japan	**297,241**	77,567
Thailand	**221,868**	209,913
Philippines	**202,802**	160,828
Korea	**202,120**	169,880
Singapore	**87,104**	70,501
Others	**79,729**	53,073
	6,817,818	5,931,073

3. Analysis of quarterly segment revenue and results for the three months ended 30 June 2015

	Three months ended		
	30 June 2015 (Unaudited) HK$'000	31 March 2015 (Unaudited) HK$'000	30 June 2014 (Unaudited) HK$'000
Segment revenue from external customers			
Back-end equipment	**1,861,559**	1,366,290	1,851,268
SMT solutions	**1,452,576**	1,248,098	1,080,491
Materials	**447,817**	441,478	505,881
	3,761,952	3,055,866	3,437,640
Segment profit			
Back-end equipment	**336,511**	171,255	388,176
SMT solutions	**241,538**	165,795	109,472
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	**253,328**	177,587	109,472
- Amortization of fair value increment of assets acquired in DEK Business	**(11,790)**	(11,792)	-
Materials	**40,470**	41,913	56,735
	618,519	378,963	554,383
Interest income	**1,568**	1,959	3,457
Finance costs	**(39,158)**	(37,796)	(36,995)
Unallocated other income	**-**	-	101
Unallocated net foreign exchange (loss) gain	**(20,151)**	69,545	(365)
Unallocated general and administrative expenses	**(16,693)**	(9,366)	(12,247)
Profit before taxation	**544,085**	403,305	508,334
Segment profit %			
Back-end equipment	**18.1%**	12.5%	21.0%
SMT solutions			
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**17.4%**	14.2%	10.1%
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**16.6%**	13.3%	10.1%
Materials	**9.0%**	9.5%	11.2%

4. Depreciation and amortization

During the period, depreciation and amortization amounting to HK$192.9 million (HK$185.5 million for the six months ended 30 June 2014), HK$0.8 million (HK$0.8 million for the six months ended 30 June 2014) and HK$18.5 million (HK$4.1 million for the six months ended 30 June 2014) 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 gain of HK$49.4 million. During the six months ended 30 June 2014, the other gains and losses include net foreign exchange loss of HK$10.2 million and a reversal of legal provision of HK$26.4 million as it became highly unlikely that there was still a risk arising from the alleged claims of a supplier for which the legal provision was made.

6. Finance costs

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within five years	**1,653**	5,794
Interest on convertible bonds (Note 13)	**73,447**	36,002
Others	**1,854**	1,415
	76,954	43,211

7. Income tax expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**21,697**	21,580
PRC Enterprise Income Tax	**33,619**	40,588
Other jurisdictions	**217,606**	73,805
	272,922	135,973
Deferred tax credit:		
Current period	**(48,388)**	(3,404)
	224,534	132,569

Current tax:

(a) Hong Kong Profits Tax is calculated at 16.5% (16.5% for the six months ended 30 June 2014) of the estimated assessable profit for the period.

7. Income tax expense - continued

(b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2015 (25% for the six months ended 30 June 2014).

(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 2014).

(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 2014).

(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 2015 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 2015, the Group purchased tax reserve certificates amounting to HK$346.0 million (31 December 2014: HK$323.8 million), as disclosed in note 10.

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.

8. Dividends

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
<u>Dividend recognized as distribution during the period</u>		
Final dividend for 2014 paid of HK$1.30 (2014: final dividend for 2013 paid of HK$0.50) per share on 402,518,700 (2014: 400,633,700) shares	**523,274**	200,317
<u>Dividend declared after the end of the interim reporting period</u>		
Interim dividend for 2015 of HK$1.00 (2014: HK$0.80) per share on 402,518,700 (2014: 400,633,700) shares	**402,519**	320,507

The dividends declared after 30 June 2015 will be paid to the shareholders of the Company whose names appear on the Register of Members on 21 August 2015.

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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**722,856**	573,832

	Number of Shares (in thousand)	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**402,503**	400,527
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**461**	548
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**402,964**	401,075

Note: The computation of diluted earnings per share for both periods 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.

10. Trade and other receivables

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Trade receivables (Note a)	**3,961,553**	3,385,276
Amount recoverable from Siemens AG (Note b)	**30,427**	33,001
Value added tax recoverable	**251,450**	214,525
Tax reserve certificate recoverable	**346,029**	323,829
Other receivables, deposits and prepayments	**178,609**	170,241
	4,768,068	4,126,872
Less : Non-current rental deposits paid shown under non-current assets	**(7,757)**	(7,332)
	4,760,311	4,119,540

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

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Not yet due	**3,226,994**	2,751,032
Overdue within 30 days	**456,107**	353,222
Overdue within 31 to 60 days	**157,052**	161,519
Overdue within 61 to 90 days	**58,473**	53,047
Overdue over 90 days	**62,927**	66,456
	3,961,553	3,385,276

Notes:

(a) The amount included notes receivables amounting to HK$779,024,000 (31 December 2014: HK$457,333,000).

(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 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. The amount is expected to be settled in 2015.

10. Trade and other receivables –continued

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.

11. Structured deposits

The structured deposits with an aggregate principal amount of HK$94,648,000 at 30 June 2015 are placed with a bank and contain embedded derivatives. These structured deposits are structured investment products with original maturity of three months or less and the relevant rebate ranges from 0.81% to 3.46% per annum. The returns of the structured deposits are dependent on the spot exchange rate of United States dollar/Euro to Renminbi on maturity date determined by the counterparty bank. The structured deposits are designated as financial assets at FVTPL on initial recognition.

At the end of the reporting period, the structured deposits are stated at fair values. The fair values are determined by reference to the expected returns stated in the investment contracts provided by the counterparty bank using discounted cash flows analysis.

12. Trade and other payables

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Trade payables	**1,382,958**	1,373,839
Accrued salaries and wages	**238,199**	262,946
Other accrued charges	**426,116**	560,069
Deposits received from customers	**348,362**	372,169
Accrual for tax-related expense	**168,400**	168,400
Payables arising from acquisition of property, plant and equipment	**68,640**	110,284
Other payables	**117,148**	115,456
	2,749,823	2,963,163
Less : Non-current other liabilities and accruals	**(38,985)**	(44,705)
	2,710,838	2,918,458

12. Trade and other payables –continued

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

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Not yet due	**904,350**	779,839
Overdue within 30 days	**201,806**	302,062
Overdue within 31 to 60 days	**139,052**	166,269
Overdue within 61 to 90 days	**83,485**	70,524
Overdue over 90 days	**54,265**	55,145
	1,382,958	1,373,839

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

13. Convertible bonds

On 28 March 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of HK$2,400,000,000. Interest of 2.00% per annum will be paid semi-annually in September and March, respectively.

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 conversion price was adjusted to HK$96.54 per share with effect from 20 May 2015 as a result of the aggregate distributions made by the Company to the shareholders for the year ended 31 December 2014. Details of the adjustment to conversion price of the convertible bonds were set out in the Company's announcement dated 13 May 2015.

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

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

	Liability component	Equity component	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2014 (audited)	-	-	-
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 and 1 January 2015 (audited)	**2,176,894**	**266,932**	**2,443,826**
Interest charge during the period (Note 6)	**73,447**	**-**	**73,447**
Interest paid	**(24,000)**	**-**	**(24,000)**
At 30 June 2015 (unaudited)	**2,226,341**	**266,932**	**2,493,273**

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

	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK$'000	HK$'000
Current liabilities (included in trade and other payables)	**12,267**	12,690
Non-current liabilities	**2,214,074**	2,164,204
	2,226,341	2,176,894

REVIEW

Following the strong quarterly rebound of Group bookings during the first quarter of this year, Group billings in the second quarter has further achieved double-digit growth over the first quarter, led by both the Back-end Equipment and SMT Solutions businesses.

During the past three months, the Group achieved billings of US$485.3 million, which represented improvements of 23.1% and 9.4% over the first quarter of this year and over the same period a year ago respectively.

Group billings for the first six months amounted to US$879.3 million. This was a gain of 15.0% over the first half of last year but a decline of 17.8% from the record that we had set in the second half.

The contributions from our three business segments to Group billings during the first half of this year were 47.4% (Back-end Equipment), 13.0% (Materials) and 39.6% (SMT Solutions) respectively, whereas their contributions to Group billings during the second quarter of this year were 49.5% (Back-end Equipment), 11.9% (Materials) and 38.6% (SMT Solutions) respectively.

Geographically, China inclusive of Hong Kong (49.5%), Europe (16.3%), the Americas (7.0%), Malaysia (6.5%) and Taiwan (4.7%) have been the five largest markets for ASMPT in the first half of this year. As a result of our successful implementation of an aggressive diversified market strategy, the sales attributable to our five largest customers combined were 18.2% of our total sales during the first half of 2015, with no customer exceeding 10%. 80% of the Group's turnover in the first six-month period came from 144 customers. 7 out of the top 20 customers in the first half this year were from SMT Solutions Segment.

During the second quarter, ASMPT received new order bookings of US$494.0 million, representing an increase of 6.3% from the first quarter of this year, but a contraction of 21.8% as compared to the second quarter of last year.

New order bookings for the first six months of this year rebounded by 9.5% from the preceding six months to US$958.5 million, but declined 7.4% against the same period a year ago.

Booking momentum during the second quarter of this year is noticeably not as strong as the corresponding periods in the past few years. As we had reported in respect of the previous quarter, customers in general have become more cautious in their capital expenditure this year, particularly customers in Taiwan.

The book-to-bill ratio, representing net bookings over billings, was 1.09 for the first six months. The order backlog as of the end of the second quarter increased slightly to US$441.2 million, which was an increase of 2.2% from the end of the first quarter of 2015.

The profitability of the Group has continued to improve. The Group achieved gross margins of 37.8% for the second quarter and 37.2% the first half of this year, representing improvements of 3.0% (295bps) and 3.4% (337bps) over the corresponding periods of last year, respectively. Notably, our SMT Solutions business made a significant contribution to the profitability improvement of the Group.

Net profit for the second quarter of 2015 was HK$438.3 million, which represented increases of 54.0% and 5.1% over the preceding quarter and the same period last year, respectively. During the first six months of 2015, net profit was HK$722.9 million, increasing by 26.0% but decreasing by 29.6% respectively as compared to the first and second six-month periods in 2014.

REVIEW -continued

Back-end Equipment Business

During the second quarter of this year, billings in the Back-end Equipment Segment amounted to US$240.1 million, which were improvements of 36.2% and 0.6% as compared to the first quarter of this year and the same period a year ago, respectively.

Back-end Equipment billings for the first six months of this year was US$416.3 million, representing a rise of 3.5% against the same period a year ago, but a decline of 12.4% as compared to the preceding six months.

New order bookings for Back-end Equipment in the second quarter of this year increased by 13.1% on a quarterly basis but contracted 25.4% from the same period last year, due to less robust market demand than that which we experienced last year.

For the first six months, Back-end-Equipment bookings increased by 15.1% from the preceding six months but declined 13.9% as compared to the same period a year ago.

During the first half of this year, while the market demand in general was not as strong relative to last year, demand for our CMOS Imaging Sensor ("CIS") equipment has been particularly strong. The other product which did well during this period was our test handler for small packages. At the same time, demand for bonders has come down, reflecting our customers' limited desire to further increase their capacity during this period.

During the first six months of this year, shipments of Back-end equipment to Integrated Device Manufacturer ("IDM") customers exceeded those made to the Outsourced Semiconductor Assembly and Test ("OSAT") customers, which generally indicates that OSATs are taking a more cautious approach in capex spending in response to a less promising market. OSAT customers in Taiwan were particularly conservative while OSAT customers in China continued to be comparatively more aggressive. Over the past six months, we managed to gain a significant market share in flip chip bonders for low I/O applications in the China market, which is currently the fastest-growing flip chip market.

The resolution and image-capturing capability of cameras have increasingly become one of the important differentiators for smart phones. ASMPT has developed a comprehensive product portfolio for the assembly of CIS modules, ranging from assembly equipment such as die and wire bonders, to other more advanced equipment for lens-attach, active alignment and cleaning applications. Through years of cooperation with its customers, ASMPT has developed a wide customer base in the CIS market covering almost all the different tiers of smartphone and tablet producers.

It seems that dual cameras for 3D imaging applications may become the trend soon for smart phones, tablets and ultrabooks to offer consumers the 3D viewing experience. Furthermore, the automotive industry is increasing the number of cameras it uses in automobiles. If this new trend takes off in the mass market, ASMPT will once again be in a leading position to benefit from the opportunities brought by it.

The successful integration of the ALSI laser dicing business into the Group's Back-end Equipment Segment has attracted positive feedback from customers to the combination of the advanced laser dicing technology possessed by ALSI and the extensive infrastructural network and financial backing by ASMPT. As wafers get thinner, the benefits of ASMPT's multi-beam laser grooving and dicing capability become increasingly more attractive to customers, particularly customers in the memory market.

REVIEW -continued

ASMPT has continued to expand its product portfolio in the advanced packaging market. Our success in the low I/O flip chip market in China during the first half this year is a boost to our efforts. We continue to address the high-end flip chip market with our thermocompression bonding ("TCB") solutions. The fact that ASMPT now has the highest number of TCB bonders installed and in high volume production has drawn the attention and interest of many other customers. Multiple customer evaluations are currently on-going. During the first half of this year and slightly ahead of our planned schedule, we shipped our first test and pack machine, the Sunbird, for wafer level packaging. The Sunbird will address both the wafer level fan-in and fan-out markets.

We have observed that the demand for wafer level fan-out packaging is gaining momentum. We are thus addressing this market with a wide product portfolio comprising laser grooving and dicing equipment for wafer preparation, high accuracy and high speed pick and place systems from our SMT Solutions segment for wafer re-construction, molding systems for wafer encapsulation and the Sunbird for test and pack operations. We believe that wafer level packaging will move from wafer to large-panel format for higher productivity and lower cost. Possessing both the enabling technologies and know-how in semiconductor back-end equipment and SMT equipment, ASMPT is in a unique position to work with customers to develop the solutions they need.

The Back-end Equipment Segment achieved gross margins of 41.0% and 40.3% during the second quarter and the first half of this year, respectively.

Materials Business

In the second quarter, Lead frame billings amounted to US$57.8 million, which was a quarter-on-quarter improvement of 1.4%, but a year-on-year decline of 11.5%.

Lead frame billings for the first six-month period of this year amounted to US$114.7 million, representing contractions of 6.7% and 6.2% against the preceding six months and the same period a year ago, respectively.

During the second quarter, new order bookings for Lead frames grew slightly by 3.6% over the preceding quarter. As the market has not been as strong compared to last year, new order bookings for Lead frames experienced a decline of 18.1% from the corresponding quarter a year ago.

On a six-month basis, Lead frame bookings contracted by 2.6% and 14.1% against the preceding six-month period and the same period last year, respectively.

SMT Solutions Business

Our SMT Solutions Business has performed very well during the past six months.

Billings in the SMT Solutions Segment were US$187.4 million in the second quarter, representing improvements of 16.4% and 34.4% as compared to the first quarter this year, and the second quarter a year ago, respectively.

For the six-month period, the SMT Solutions Segment achieved billings amounting to US$348.3 million, representing a strong year-on-year improvement of 45.0% compared to the first half of last year, but a contraction of 26.2% as compared to the preceding six months.

REVIEW -continued

The strong yearly improvement was contributed to in part by the acquisition of the DEK printing business. In addition, we continued to gain market share in the SMT equipment market during the first half of the year. With the available market information, we estimate that our market share is now approaching the mid-twenty percent level. Demand from the SMT Solutions Segment was mainly from the automotive market, industrial applications and smart phones.

New order bookings for our SMT equipment were flat in the second quarter as compared to the first quarter of this year, and new order bookings contracted 17.8% from that of the corresponding quarter of last year. Last year, we had successfully secured a sizeable order from a customer for the production of smart phones. However, we do not foresee a repeat of such a large order from a single customer this year.

New order bookings for the six-month period increased by 7.3% and 4.1% as compared to the preceding six months and the same period of last year, respectively.

We have achieved noticeable improvement in the profitability of our SMT Solutions Segment despite the long-standing depreciation of the Japanese yen, which offers a competitive advantage to our Japanese competitors. Our SMT Solutions Segment achieved a gross margin of 40.5% during the second quarter as well as the first half of this year, representing improvements of 10.3% (1,032bps) and 9.4% (938bps) over the corresponding periods of last year, respectively. In fact, for three consecutive quarters, this segment of our business achieved gross margins above 40%. Apart from the continuing market share gain, the strong US Dollars relative to the Euro was another factor which facilitated the strong performance of this business segment.

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$581.6 million, of which 42.1% was spent on the SMT Solutions Business. As of 30 June 2015, the Group operates six research and development centers in Hong Kong and Chengdu (China), Singapore, Munich (Germany), Weymouth (United Kingdom) and Beuningen (the Netherlands), with a total research and development work force of approximately 1,700 people.

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 has the necessary attributes to be the preferred partner of its customers when taking on new packaging challenges. We believe that this will increasingly set the Group apart from its peers.

LIQUIDITY AND FINANCIAL RESOURCES

Return on capital employed and on sales were 19.5% (annualized) and 14.9% respectively for the six-month period of this year.

Our ending inventory as of 30 June 2015 increased to HK$4.0 billion, as compared to HK$3.9 billion as of 31 December 2014, mainly relating to increases in open acceptance by customers after shipments were made. Our annualized inventory turn was 3.45 times (first half of 2014: 3.37 times).

Days sales-outstanding increased to 105.2 days from 75.1 days in the second half of 2014. Return on invested capital for the past six months was 21.4% (annualized).

Capital expenditure ("capex") in the first six months amounted to HK$186.3 million which was fully funded by the depreciation and amortization of HK$212.6 million for the same period. After paying last year's final dividend totaling HK$523.3 million in May, funding capital investments and paying off some bank loans in the first half of 2015, cash and bank deposits as of 30 June 2015 was HK$1.83 billion, which was HK$768.6 million lower than six months ago. Our current ratio stands at 3.04, and we have a debt-equity ratio of 28.4% (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 US dollars. The convertible bonds, denominated in Hong Kong dollars, were raised in year 2014 to fund the acquisition of DEK Business and other working capital requirements. Cash holdings by the Group are mainly in US dollars, Euro, Chinese Yuan (RMB) and Hong Kong dollars. The SMT Solutions Business 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 the SMT Solutions Business 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 55.7% of the net profits for the first half of this year.

HUMAN RESOURCE

As of 30 June 2015, the total headcount of the Group worldwide stood at approximately 15,500 people, including 275 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 2015 were HK$ 1.96 billion, as compared to HK$1.79 billion for the same period last year. This year, the Board granted a total of 2,359,800 incentive shares to 1,223 employees, inclusive of three Executive Directors of the Company. The vesting period of these incentive shares will be ended on 15 December 2015.

PROSPECTS

Visibility in the marketplace has become increasingly hazy this year. Based on the market momentum experienced in the second quarter of this year and the uncertain macroeconomic conditions that we face, we believe that there is a greater likelihood that our bookings in the third quarter will experience a quarterly decline.

If our customers' confidence in the market does not deteriorate further, we expect our Group billings in the third quarter to be at a level which is similar to the second quarter of this year. We expect that the main contribution to our billings during the third quarter will come from the Back-end Equipment and SMT Solutions segments.

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 for future growth.

CORPORATE GOVERNANCE

The Company 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 2015.

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 2015.

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 2015 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 2015, 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 221,700 shares in the Company. The cost of purchase of these shares is about HK$18 million.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Lee Wai Kwong, Mr. James Chow Chuen and Mr. Robin Gerard Ng Cher Tat as Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-executive Directors, and Miss Orasa Livasiri, Mr. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 29 July 2015