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## **ASM PACIFIC TECHNOLOGY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0522)**

### **ANNOUNCEMENT OF 2015 AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **ASMPT Is Getting Ready for The Upturn**

##### **2015**

- \* **Attained the global #1 position in the SMT equipment market**
- \* **Retained the global #1 position in the semiconductor assembly and packaging equipment market and further widened the revenue gap with the closest rival to a new record**
- \* **Group revenue of US\$1.67 billion, representing a decrease of 8.8% against the preceding year**
- \* **Net profit of HK\$952.9 million and earnings per share of HK\$2.38, representing a decrease of 40.4% against the preceding year**
- \* **Back-end equipment revenue of US\$757.3 million, representing a decrease of 13.7% against 2014**
- \* **Materials revenue of US\$221.2 million, representing a decrease of 9.8% against 2014**
- \* **SMT solutions revenue of US\$695.5 million, representing a decrease of 2.4% against 2014**
- \* **New order bookings of US\$1.72 billion, representing a decrease of 10.0% against 2014**
- \* **Cash and bank deposits of HK\$2.28 billion at the end of December 2015**

##### **Second half of 2015**

- \* **Half-year Group revenue of US\$794.7 million, representing decreases of 9.7% and 25.8% against the first half of 2015 and the second half of 2014, respectively**
- \* **Net profit of HK\$230.1 million and earnings per share of HK\$0.58, representing decreases of 68.2% and 77.6% against the first half of 2015 and the same period of 2014, respectively**
- \* **Back-end equipment revenue of US\$341.0 million, representing decreases of 18.1% and 28.3% against the first half of 2015 and the second half of 2014, respectively**
- \* **Half-year Materials revenue of US\$106.5 million, representing decreases of 7.2% and 13.4% against the first half of 2015 and the second half of 2014, respectively**
- \* **Half-year SMT solutions revenue of US\$347.2 million, representing decreases of 0.3% and 26.5% against the first half of 2015 and the second half of 2014, respectively**
- \* **New order bookings of US\$761.4 million, representing decreases of 20.6% and 13.0% as compared to the first half of 2015 and the second half of 2014, respectively**

##### **Fourth Quarter of 2015**

- \* **Bookings of all three business segments experienced year on year growth during the fourth quarter of last year**
- \* **Group bookings increased 11.1% and decreased 0.1% as compared to the fourth quarter of 2014 and the preceding quarter, respectively**
- \* **Book to bill ratio was 1.01**
- \* **Backlog amounted to US\$389.0 million as of end 2015, an increase of 7.5% compared to a year ago**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of audited results for the year ended 31 December 2015:

## RESULTS

ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) reported a revenue of **HK\$12.98 billion (US\$1.67 billion)** in the fiscal year ended 31 December 2015, which was 8.8% lower than the revenue of HK\$14.23 billion (US\$1.83 billion) in the previous year. The Group’s consolidated profit after taxation for the year is **HK\$952.9 million** which is a decrease of 40.4% from the previous year’s net profit of HK\$1.60 billion. Basic earnings per share (EPS) for the year amounted to **HK\$2.38** (2014: HK\$3.99).

## 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\$0.40** (2014: final dividend of HK\$1.30) per share. Together with the interim dividend of HK\$1.00 (2014: HK\$0.80) per share paid in August 2015, the total dividend payment for year 2015 will be **HK\$1.40** (2014: HK\$2.10) per share.

The proposed final dividend of **HK\$0.40** 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 Tuesday, 10 May 2016 (“2016 AGM”), is to be payable on Friday, 27 May 2016 to shareholders whose names appear on the Register of Members of the Company on 17 May 2016.

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

- (i) From Thursday, 5 May 2016 to Tuesday, 10 May 2016, 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 2016 AGM. In order to be eligible to attend and vote at the 2016 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, 4 May 2016; and
- (ii) From Monday, 16 May 2016 to Tuesday, 17 May 2016, 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, 13 May 2016.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 Dec		Year ended 31 Dec	
		2015	2014	2015	2014
		(unaudited)	(unaudited)	(audited)	(audited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>Notes</i>				
Revenue	2	<b>2,928,394</b>	3,445,709	<b>12,977,289</b>	14,229,177
Cost of sales		<b>(1,841,886)</b>	(2,137,649)	<b>(8,261,905)</b>	(9,179,551)
Gross profit		<b>1,086,508</b>	1,308,060	<b>4,715,384</b>	5,049,626
Other income		<b>7,863</b>	25,977	<b>42,623</b>	86,078
Selling and distribution expenses		<b>(333,223)</b>	(326,975)	<b>(1,275,844)</b>	(1,161,244)
General and administrative expenses		<b>(209,554)</b>	(176,496)	<b>(757,602)</b>	(620,715)
Research and development expenses		<b>(306,076)</b>	(314,616)	<b>(1,185,118)</b>	(1,148,382)
Other gains and losses	5	<b>(8,418)</b>	28,536	<b>30,394</b>	112,012
Other expenses	6	<b>(28,496)</b>	(168,400)	<b>(49,758)</b>	(168,400)
Finance costs		<b>(39,956)</b>	(38,912)	<b>(156,703)</b>	(120,512)
Profit before taxation		<b>168,648</b>	337,174	<b>1,363,376</b>	2,028,463
Income tax expense	7	<b>(118,818)</b>	(93,446)	<b>(410,462)</b>	(428,509)
Profit for the period		<b>49,830</b>	243,728	<b>952,914</b>	1,599,954
Profit for the period attributable to:					
Owners of the Company		<b>53,107</b>	243,728	<b>956,191</b>	1,599,954
Non-controlling interests		<b>(3,277)</b>	-	<b>(3,277)</b>	-
		<b>49,830</b>	243,728	<b>952,914</b>	1,599,954
Earnings per share	9				
- Basic		<b>HK\$0.13</b>	HK\$0.60	<b>HK\$2.38</b>	HK\$3.99
- Diluted		<b>HK\$0.13</b>	HK\$0.60	<b>HK\$2.37</b>	HK\$3.98

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 Dec		Year ended 31 Dec	
	2015	2014	2015	2014
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Profit for the period	<b>49,830</b>	243,728	<b>952,914</b>	1,599,954
Other comprehensive (expense) income				
- exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	<b>(86,771)</b>	(100,381)	<b>(396,034)</b>	(299,755)
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss	<b>11,689</b>	(52,820)	<b>11,689</b>	(52,820)
Other comprehensive expense for the period	<b>(75,082)</b>	(153,201)	<b>(384,345)</b>	(352,575)
Total comprehensive (expense) income for the period	<b>(25,252)</b>	90,527	<b>568,569</b>	1,247,379
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	<b>(21,976)</b>	90,527	<b>571,845</b>	1,247,379
Non-controlling interests	<b>(3,276)</b>	-	<b>(3,276)</b>	-
	<b>(25,252)</b>	90,527	<b>568,569</b>	1,247,379

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2015	2014
		HK\$'000	HK\$'000
<i>Notes</i>			
<b>Non-current assets</b>			
Property, plant and equipment		2,218,161	2,073,489
Investment property		63,048	68,467
Goodwill		427,754	405,652
Intangible assets		604,888	627,338
Prepaid lease payments		22,573	25,587
Pledged bank deposits		2,562	506
Deposits paid for acquisition of property, plant and equipment		13,666	22,336
Rental deposits paid		24,755	7,332
Deferred tax assets		289,846	317,448
Other non-current assets		106,496	108,124
		<b>3,773,749</b>	<b>3,656,279</b>
<b>Current assets</b>			
Inventories		3,482,436	3,886,140
Trade and other receivables	10	4,304,398	4,119,540
Prepaid lease payments		822	941
Derivative financial instruments		2,108	-
Income tax recoverable		21,774	48,296
Pledged bank deposits		7,228	191,306
Bank deposits with original maturity of more than three months		254,983	-
Bank balances and cash		2,020,145	2,593,756
		<b>10,093,894</b>	<b>10,839,979</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,389,798	2,918,458
Derivative financial instruments		9,057	9,297
Provisions		280,733	354,170
Income tax payable		415,728	325,315
Bank borrowings		37,459	151,379
		<b>3,132,775</b>	<b>3,758,619</b>
<b>Net current assets</b>		<b>6,961,119</b>	<b>7,081,360</b>
		<b>10,734,868</b>	<b>10,737,639</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## - continued

		At 31 December	
		2015	2014
		HK\$'000	HK\$'000
	<i>Notes</i>		
<b>Capital and reserves</b>			
Share capital		40,453	40,252
Dividend reserve		161,812	523,274
Other reserves		7,804,254	7,641,668
Equity attributable to owners of the Company		<u>8,006,519</u>	8,205,194
Non-controlling interests		29,466	-
<b>Total equity</b>		<u>8,035,985</u>	8,205,194
<b>Non-current liabilities</b>			
Convertible bonds	12	2,264,775	2,164,204
Retirement benefit obligations		127,833	150,147
Provisions		65,459	61,360
Bank borrowings		141,441	16,159
Deferred tax liabilities		61,622	95,870
Other liabilities and accruals		37,753	44,705
		<u>2,698,883</u>	2,532,445
		<u>10,734,868</u>	10,737,639

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 at the end of each reporting period. 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 amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual improvement to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual improvement to HKFRSs 2011 – 2013 Cycle

The application of the amendments to 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 the consolidated financial statements.

## 2. SEGMENT INFORMATION

The Group has three (2014: three) operating segments: development, production and sales of (1) back-end equipment, (2) surface mount technology (“SMT”) solutions and (3) materials. They represent three major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Company's Chief Executive Officer, the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the three (2014: three) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

## 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	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (audited) HK\$'000	2014 (audited) HK\$'000
<b>Segment revenue from external customers</b>				
Back-end equipment	1,187,377	1,515,669	5,870,364	6,803,776
SMT solutions	1,333,800	1,479,841	5,392,167	5,523,883
Materials	407,217	450,199	1,714,758	1,901,518
	<b>2,928,394</b>	<b>3,445,709</b>	<b>12,977,289</b>	<b>14,229,177</b>
<b>Segment profit</b>				
Back-end equipment	27,749	249,138	702,098	1,372,634
SMT solutions	208,059	236,843	751,187	730,891
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business (Note)	219,845	275,533	798,344	769,581
- Amortization of fair value increment of assets acquired in DEK Business	(11,786)	(38,690)	(47,157)	(38,690)
Materials	24,030	36,406	141,282	174,053
	<b>259,838</b>	<b>522,387</b>	<b>1,594,567</b>	<b>2,277,578</b>
Interest income	1,139	2,384	6,210	8,794
Finance costs	(39,956)	(38,912)	(156,703)	(120,512)
Unallocated other (expenses) income	(2)	-	215	269
Unallocated net foreign exchange (loss) gain	(8,701)	30,690	26,031	86,093
Unallocated general and administrative expenses	(15,174)	(10,975)	(57,186)	(55,359)
Other expenses	(28,496)	(168,400)	(49,758)	(168,400)
Profit before taxation	<b>168,648</b>	<b>337,174</b>	<b>1,363,376</b>	<b>2,028,463</b>

Note: On 2 July 2014, the Company acquired the screen printing and processes business ("DEK Business") operated by Dover Printing & Identification, Inc. and Dover Corporation

## 2. SEGMENT INFORMATION - continued

### Segment revenues and results - continued

	Three months ended 31 Dec		Year ended 31 Dec	
	2015 (unaudited)	2014 (unaudited)	2015 (audited)	2014 (audited)
<b>Segment profit %</b>				
Back-end equipment	<b>2.3%</b>	16.4%	<b>12.0%</b>	20.2%
SMT solutions				
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	<b>16.5%</b>	18.6%	<b>14.8%</b>	13.9%
- After accounting for amortization of fair value increment of assets acquired in DEK Business	<b>15.6%</b>	16.0%	<b>13.9%</b>	13.2%
Materials	<b>5.9%</b>	8.1%	<b>8.2%</b>	9.2%

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. 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.

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

## 2. SEGMENT INFORMATION - continued

### Other segment information (included in the segment profit or loss or regularly provided to the chief operating decision maker)

Year ended 31 December 2015

	Back-end equipment HK\$'000	SMT solutions HK\$'000	Materials HK\$'000	Unallocated general and administrative expenses HK\$'000	Consolidated HK\$'000
Amounts regularly provided to chief operating decision maker:					
Additions of property, plant and equipment					
- Additions during the year	310,816	96,382	138,497	-	545,695
- Arising from acquisition of business	-	-	85,471	-	85,471
	<b>310,816</b>	<b>96,382</b>	<b>223,968</b>	-	<b>631,166</b>
Additions of intangible assets					
- Additions during the year	-	18,889	-	-	18,889
Amounts included in the measure of segment profit:					
Amortization for intangible assets	1,278	39,049	-	-	40,327
Depreciation of property, plant and equipment	219,928	91,268	66,016	-	377,212
Depreciation of investment property	1,422	-	-	-	1,422
(Gain) loss on disposal / write-off of property, plant and equipment	(2,489)	(2,639)	765	-	(4,363)
Release of prepaid lease payments	598	-	224	-	822
Research and development expenses	681,599	495,308	8,211	-	1,185,118
Share-based payments	138,138	15,093	12,134	13,252	178,617

## 2. SEGMENT INFORMATION – continued

### Other segment information (included in the segment profit or loss or regularly provided to the chief operating decision maker) – continued

Year ended 31 December 2014	Back-end equipment HK\$'000	SMT solutions HK\$'000	Materials HK\$'000	Unallocated general and administrative expenses 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
	<u>251,986</u>	<u>219,468</u>	<u>49,143</u>	<u>-</u>	<u>520,597</u>
Additions of intangible assets					
- Additions during the year	-	4,333	-	-	4,333
- Arising from acquisition of subsidiaries	6,985	635,627	-	-	642,612
	<u>6,985</u>	<u>639,960</u>	<u>-</u>	<u>-</u>	<u>646,945</u>
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

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

	<b>Non-current Assets</b>	
	<b>At 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Mainland China	<b>1,382,376</b>	1,554,238
Europe	<b>811,887</b>	843,731
- Switzerland	<b>585,220</b>	618,996
- Germany	<b>150,486</b>	140,711
- United Kingdom	<b>60,857</b>	67,339
- Others	<b>15,324</b>	16,685
Singapore	<b>609,567</b>	285,774
Malaysia	<b>171,989</b>	192,158
Hong Kong	<b>61,416</b>	42,750
Americas	<b>7,187</b>	5,374
- United States of America	<b>5,587</b>	4,974
- Others	<b>1,600</b>	400
Korea	<b>6,660</b>	5,468
Others	<b>2,505</b>	3,180
	<b>3,053,587</b>	2,932,673

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

## 2. SEGMENT INFORMATION - continued

### Other segment information - continued

The Group's revenue from external customers by location of customers are detailed below:

	Revenue from external customers	
	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Mainland China	5,163,129	6,126,950
Europe	2,250,910	2,103,924
- Germany	753,629	852,601
- Romania	207,708	90,141
- Hungary	166,366	162,655
- France	120,699	93,585
- United Kingdom	115,676	105,202
- Others	886,832	799,740
Hong Kong	1,087,989	689,814
Americas	930,027	1,153,022
- United States of America	638,503	763,056
- Mexico	139,552	207,248
- Others	151,972	182,718
Malaysia	887,723	1,197,632
Japan	555,991	197,151
Taiwan	546,099	1,174,800
Thailand	434,106	471,227
Korea	396,849	392,021
Philippines	382,035	393,154
Singapore	141,963	161,352
Others	200,468	168,130
	<b>12,977,289</b>	<b>14,229,177</b>

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 2015	30 September 2015	30 June 2015	31 March 2015	Q4 vs. Q3	Q4 vs. Q2	Q4 v s. Q1
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000			
<b>Segment revenue from external customers</b>							
Back-end equipment	1,187,377	1,455,138	1,861,559	1,366,290	-18.4%	-36.2%	-13.1%
SMT solutions	1,333,800	1,357,693	1,452,576	1,248,098	-1.8%	-8.2%	6.9%
Materials	407,217	418,246	447,817	441,478	-2.6%	-9.1%	-7.8%
	<b>2,928,394</b>	<b>3,231,077</b>	<b>3,761,952</b>	<b>3,055,866</b>	<b>-9.4%</b>	<b>-22.2%</b>	<b>-4.2%</b>
<b>Segment profit</b>							
Back-end equipment	27,749	166,583	336,511	171,255	-83.3%	-91.8%	-83.8%
SMT solutions	208,059	135,795	241,538	165,795	53.2%	-13.9%	25.5%
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	219,845	147,584	253,328	177,587	49.0%	-13.2%	23.8%
- Amortization of fair value increment of assets acquired in DEK Business	(11,786)	(11,789)	(11,790)	(11,792)	0.0%	0.0%	-0.1%
Materials	24,030	34,869	40,470	41,913	-31.1%	-40.6%	-42.7%
	<b>259,838</b>	<b>337,247</b>	<b>618,519</b>	<b>378,963</b>	<b>-23.0%</b>	<b>-58.0%</b>	<b>-31.4%</b>
Interest income	1,139	1,544	1,568	1,959	-26.2%	-27.4%	-41.9%
Finance costs	(39,956)	(39,793)	(39,158)	(37,796)	0.4%	2.0%	5.7%
Unallocated other (expense) income	(2)	217	-	-	N/A	N/A	N/A
Unallocated net foreign exchange (loss) gain	(8,701)	(14,662)	(20,151)	69,545	-40.7%	-56.8%	N/A
Unallocated general and administrative expenses	(15,174)	(15,953)	(16,693)	(9,366)	-4.9%	-9.1%	62.0%
Restructuring costs	(28,496)	(21,262)	-	-	34.0%	N/A	N/A
Profit before taxation	<b>168,648</b>	<b>247,338</b>	<b>544,085</b>	<b>403,305</b>	<b>-31.8%</b>	<b>-69.0%</b>	<b>-58.2%</b>
<b>Segment profit %</b>							
Back-end equipment	2.3%	11.4%	18.1%	12.5%			
SMT solutions							
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	16.5%	10.9%	17.4%	14.2%			
- After accounting for amortization of fair value increment of assets acquired in DEK Business	15.6%	10.0%	16.6%	13.3%			
Materials	5.9%	8.3%	9.0%	9.5%			

### 3. Analysis of quarterly segment revenue and results - continued

	Three months ended				Q4 vs. Q3	Change Q4 vs. Q2	Q4 vs. Q1
	31 December 2014	30 September 2014	30 June 2014	31 March 2014			
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000			
<b>Segment revenue from external customers</b>							
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%
	<u>3,445,709</u>	<u>4,852,395</u>	<u>3,437,640</u>	<u>2,493,433</u>	-29.0%	0.2%	38.2%
<b>Segment profit</b>							
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%
	<u>522,387</u>	<u>972,816</u>	<u>554,383</u>	<u>227,992</u>	-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	<u>337,174</u>	<u>984,888</u>	<u>508,334</u>	<u>198,067</u>	-65.8%	-33.7%	70.2%
<b>Segment profit %</b>							
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%			

#### 4. DEPRECIATION AND AMORTIZATION

During the year, depreciation and amortization amounting to HK\$377.2 million (2014: HK\$385.3 million), HK\$1.4 million (2014: HK\$1.5 million) and HK\$40.3 million (2014: HK\$27.9 million) 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

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
The gains and losses comprise:		
Net foreign exchange gains	52,182	118,206
Gain (loss) on disposal / write-off of property, plant and equipment	4,363	(1,169)
Loss on fair value change of derivative financial instruments	(26,151)	(32,113)
Reversal of legal provision (Note)	-	26,372
Others	-	716
	<b>30,394</b>	<b>112,012</b>

Note: During the year ended 31 December 2014, a legal provision of HK\$26.4 million was reversed 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. OTHER EXPENSES

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Restructuring costs (Note a)	49,758	-
Provision for tax-related expense (Note b)	-	168,400
	<u>49,758</u>	<u>168,400</u>

Notes:

- (a) During the year ended 31 December 2015, the Group launched a voluntary separation incentive programme for its employees in the manufacturing plant in China for cost reduction and streamlining its manufacturing operations for the SMT solutions business. Accordingly, severance payments of HK\$49,758,000 are charged to profit or loss for the year and recorded as restructuring costs.
- (b) As detailed in note 7, the Group continued to receive letters from the Hong Kong Inland Revenue Department (“HKIRD”) 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 had been charged to profit or loss during the year ended 31 December 2014 accordingly.

## 7. INCOME TAX EXPENSE

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	<b>39,594</b>	43,731
PRC Enterprise Income Tax	<b>64,672</b>	81,838
Other jurisdictions	<b>339,192</b>	294,435
	<b>443,458</b>	420,004
(Over)under provision in prior years:		
Hong Kong	<b>362</b>	34,295
PRC Enterprise Income Tax	<b>78</b>	248
Other jurisdictions	<b>(5,998)</b>	3,445
	<b>(5,558)</b>	37,988
Deferred tax credit		
Current year	<b>(27,438)</b>	(29,483)
	<b>410,462</b>	428,509

- (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% (2014: 25%), except for ASM Technology China Limited ("ATC"). On 28 October 2015, ATC was recognized as an advanced technology service enterprise ("ATSE") by the Chengdu Science and Technology Bureau for a period of 3 years, i.e. from 2015 to 2017. According to the tax circular Caishui [2014] No. 59, ATC, as an ATSE, is subject to Enterprise Income Tax at a reduced income tax rate of 15% from 2015 to 2017, subject to fulfillment of recognition criteria for ATSE during the relevant period.
- (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% (2014: 17%).

## 7. 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% (2014: 15.00%) plus 5.50% (2014: 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) rates for the Group's subsidiaries in Germany vary from 11.550% to 17.015% (2014: 10.500% to 17.000%) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 27.375% and 32.840% (2014: between 26.325% and 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 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 31 December 2015, the Group purchased tax reserve certificates amounting to HK\$346,029,000 (2014: HK\$323,829,000), 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 consolidated financial statements.

## 8. DIVIDENDS

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
<u>Dividend recognized as distribution during the year</u>		
Interim dividend paid 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
Final dividend paid for 2014 of HK\$1.30 (2014: final dividend paid for 2013 of HK\$0.50) per share on 402,518,700 (2014: 400,633,700) shares	523,274	200,317
	<b>925,793</b>	<b>520,824</b>
<u>Dividend proposed after the year end</u>		
Proposed final dividend for 2015 of HK\$0.40 (2014: HK\$1.30) per share on 404,529,500 (2014: 402,518,700) shares	161,812	523,274

The final dividend of HK\$0.40 (2014: final dividend of HK\$1.30) per share in respect of the year ended 31 December 2015 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 9. 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	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (audited) HK\$'000	2014 (audited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<b>53,107</b>	243,728	<b>956,191</b>	1,599,954
	Number of shares (in thousands)		Number of shares (in thousands)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>402,688</b>	400,810	<b>402,492</b>	400,566
Effect of dilutive potential shares from Employee Share Incentive Scheme	<b>1,919</b>	1,759	<b>1,646</b>	1,556
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>404,607</b>	402,569	<b>404,138</b>	402,122

Note: The computation of diluted earnings per share for the three months ended 31 December 2015 and 2014 and the year ended 31 December 2015 and 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.

## 10. TRADE AND OTHER RECEIVABLES

	<b>At 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade receivables (Note a)	<b>3,628,676</b>	3,385,276
Amount recoverable from Siemens AG (Note b)	<b>18,796</b>	33,001
Value added tax recoverable	<b>180,234</b>	214,525
Tax reserve certificate recoverable	<b>346,029</b>	323,829
Other receivables, deposits and prepayments	<b>155,418</b>	170,241
	<b>4,329,153</b>	4,126,872
Less : Non-current rental deposits paid shown under non-current assets	<b>(24,755)</b>	(7,332)
	<b>4,304,398</b>	4,119,540

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

	<b>At 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Not yet due	<b>2,902,657</b>	2,751,032
Overdue within 30 days	<b>367,086</b>	353,222
Overdue within 31 to 60 days	<b>130,003</b>	161,519
Overdue within 61 to 90 days	<b>90,572</b>	53,047
Overdue over 90 days	<b>138,358</b>	66,456
	<b>3,628,676</b>	3,385,276

Notes:

- (a) The amount included notes receivables amounting to HK\$841,173,000 (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 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\$11,121,000 was settled in 2015 and the remaining is expected to be settled in 2016.

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.

## 10. TRADE AND OTHER RECEIVABLES – continued

Included in the Group's trade receivables are amounts totaling HK\$726,019,000 (2014: HK\$634,244,000) which are past due at the reporting date for which the Group has not provided for impairment loss. Based on the historical experiences of the Group, those trade receivables that are past due but not impaired are generally recoverable. The trade and other receivables that are neither past due nor impaired are of good credit quality because of satisfactory repayment history.

## 11. TRADE AND OTHER PAYABLES

	At 31 December	
	2015	2014
	HK\$'000	HK\$'000
Trade payables	954,419	1,373,839
Amount due to a subsidiary of a shareholder (Note)	9	-
Accrued salaries and wages	227,643	262,946
Other accrued charges	476,948	560,069
Deposits received from customers	380,224	372,169
Accrual for tax-related expense (note 6)	168,400	168,400
Payables arising from acquisition of property, plant and equipment	102,513	110,284
Other payables	117,395	115,456
	<b>2,427,551</b>	<b>2,963,163</b>
Less : Non-current other liabilities and accruals	<b>(37,753)</b>	<b>(44,705)</b>
	<b>2,389,798</b>	<b>2,918,458</b>

Note: Balance represent amounts due to a subsidiary of a shareholder of the Company, ASM International N.V., which is not yet due, unsecured, non-interest bearing and repayable according to normal trade terms.

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

	At 31 December	
	2015	2014
	HK\$'000	HK\$'000
Not yet due	674,109	779,839
Overdue within 30 days	155,052	302,062
Overdue within 31 to 60 days	60,314	166,269
Overdue within 61 to 90 days	34,303	70,524
Overdue over 90 days	30,641	55,145
	<b>954,419</b>	<b>1,373,839</b>

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.

## 12. 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 of HK\$2.1 per share 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.

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.

## 12. CONVERTIBLE BONDS – continued

The net proceeds received from the issue of the convertible bonds was split between a liability component and an equity component in its initial recognition.

None of the convertible bonds was redeemed or converted during the year ended 31 December 2015.

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)
	<b>2,176,894</b>	<b>266,932</b>	<b>2,443,826</b>
At 31 December 2014 and 1 January 2015	<b>2,176,894</b>	<b>266,932</b>	<b>2,443,826</b>
Interest charge during the year	<b>148,571</b>	-	<b>148,571</b>
Interest paid	<b>(48,000)</b>	-	<b>(48,000)</b>
	<b>2,277,465</b>	<b>266,932</b>	<b>2,544,397</b>
At 31 December 2015	<b>2,277,465</b>	<b>266,932</b>	<b>2,544,397</b>

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

	At 31 December	
	2015	2014
	HK\$'000	HK\$'000
Current liabilities (included in trade and other payables)	<b>12,690</b>	12,690
Non-current liabilities	<b>2,264,775</b>	2,164,204
	<b>2,277,465</b>	2,176,894

## REVIEW

The Group had a mixed year in 2015. Billings for first half of the year started strongly compared to 2014. However, the momentum started to fade during the second quarter, followed by a sharp contraction in the market in the third quarter of last year.

Unfavourable macroeconomic conditions such as a slowdown in China's growth, a weak stock market and a much slower pace of growth in smartphones seem to have dented business confidence and discouraged investment.

However, we did notice that confidence seemed to have been restored to a certain extent towards the end of the year. As a result, the 2015 billings for the Group only contracted by 8.8%, which was better than the low double-digit percentage contraction that we had expected at the commencement of the fourth quarter of last year. Moreover, we experienced year-on-year bookings growth for all three business segments in the fourth quarter of last year, with both the Materials Business Segment and the SMT Solutions Segment registering quarterly bookings growth.

Last year, Group billings amounted to US\$1.67 billion. All three segments of our business experienced some revenue contraction as compared to the year earlier. Nevertheless, despite challenging market conditions, the Group has continued to make progress in all of its business segments.

The Group's SMT Solutions Segment has become the largest supplier of SMT equipment by revenue with a market share nearing the mid-20% level. The gross margin of the SMT Solutions Business has improved significantly to 39.6%.

Our Back-end Equipment Segment continued to retain the number one position in the global market, a status which we have maintained almost uninterrupted since 2002. The revenue gap with our closest rival has been further widened to a new record high. Despite tough market conditions, some of our Back-end Equipment products achieved annual revenue growths over the previous year. We believe that we have overtaken our peers in the past year to become the top flip-chip bonder supplier in the world on the basis of the number of bonders shipped. Last year, we also successfully reduced the volatility of our gross margin in this business segment.

Our Materials Business is the fourth largest global lead frames supplier. It continued to improve its profitability. Despite lower revenue, the gross margin of our Materials Business Segment improved over the previous year. The Group also extended its product offerings in the Materials Business Segment to include molded interconnect substrates ("MIS").

Net profits for the Group amounted to HK\$952.9 million in 2015, representing a reduction of 40.4% from the preceding year. Despite lower revenue, the gross margin of the Group improved by 0.8% (85bps) to 36.3%. Gross margins of our Materials Business and SMT Solutions Segments were also better than in the preceding year.

Group revenue for the second half of last year amounted to US\$794.7 million, which was a decrease of 25.8% and 9.7% against the second half of 2014 and the preceding six months, respectively. Group revenue for the fourth quarter of last year amounted to US\$377.9 million, contracting by 15.0% and 9.4% as compared to the same period of 2014 and the preceding quarter, respectively.

Annual amortisation of HK\$47.2 million relating to the fair value increment of assets acquired by the SMT Printing Division was charged in 2015. Such amortisation will decrease gradually in future years.

## **REVIEW – continued**

Geographically, the top five markets for ASMPT in 2015 were China (including Hong Kong) (48.2%), Europe (17.3%), the Americas (7.2%), Malaysia (6.8%) and Japan (4.3%). The Taiwan market experienced the biggest contraction in 2015, followed by Malaysia and the Americas. There were moderate declines in the Chinese and South-East Asian (other than Malaysian) markets. On the other hand, our business in Japan experienced very strong growth because of the demand for LED and CIS equipment. We also achieved moderate revenue growth in the European market due to sustained demand for SMT equipment.

Our business is reaping the benefits of a diversified customer base. In 2015, no customer accounted for more than 10% of the Group's revenue. The top 5 customers collectively accounted for 17.9% of the Group's sales revenue. 80% of the Group's revenue came from 182 customers.

Out of the top 20 customers, 6 were from the SMT Solutions Segment and 2 were key customers for both the Back-end Equipment and SMT Solutions Segments. The top 20 customers of the Group were customers from different market segments, such as the world's leading integrated device manufacturers ("IDMs"), tier-1 outsourced assembly and test ("OSAT") companies, major OSATs in China, key light-emitting diode ("LED") players, top electronics manufacturing services ("EMS") providers and automotive component suppliers.

New order bookings for last year amounted to US\$1.72 billion, representing a contraction of 10.0% as compared to 2014, which was a year when the Group set a new bookings record. New order bookings for all three of our business segments contracted from that of the previous year. The book-to-bill ratio was 1.03.

New order bookings for the second half of last year were US\$761.4 million, representing declines of 13.0% and 20.6% as compared to the same period in 2014 and the first half of last year, respectively.

New order bookings for the fourth quarter of last year was US\$380.6 million, representing a growth of 11.1% as compared to the same period in 2014 but a decline of 0.1% from the preceding quarter. The backlog as of the end of last year was US\$389.0 million.

The Group's proven strategies of focusing on multiple application markets, investing in advanced technologies and collaborating with leading customers have been advantageous to the development of the Group over the past few years.

Up until a few years ago, ASMPT had built its successes on organic growth. However, over the past five years, the Group has pursued strategic acquisitions which have made it stronger and more resilient. The acquisitions will enable ASMPT to take advantage of the trends of consolidation and technology transition to accelerate growth.

The Group continued to intensify its efforts to bring the size of its manufacturing operations to a more optimal level to address the volatility of business cycles. During the second half of last year, the Group launched a Voluntary Separation Incentive Programme in its China manufacturing operations, which led to a reduction of 502 employees in total. Together with natural attrition, we have successfully brought the headcount of our China manufacturing operations to a level similar to that at the end of 2009. After an operational review of the Group's manufacturing footprint for the SMT Solutions Segment, a manufacturing plant in Shenzhen, China which was used for manufacturing SMT Printing products was closed in December 2015. Its operations have been consolidated with the Group's existing operations at its facilities in Malaysia and Singapore. In total, around HK\$49.8 million in severance-related costs had been factored into the Group's financial results for the second half of last year. The annual cost saving is anticipated to be around HK\$68 million.

## **REVIEW – continued**

### **Back-end Equipment Business Segment**

The revenue from our Back-end Equipment Segment declined by 13.7% last year to US\$757.3 million. It contributed 45.2% to the Group's total revenue.

Our Back-end Equipment Segment retained the number one position in the global market, a position that we have first held in 2002. The revenue gap with our closest rival has further widened to a new record. In fact, over the past fourteen years, the Group only briefly relinquished the number one position in 2012.

While 2015 was overall a year of contraction for the industry, the Group still achieved year-on-year growths in some product areas.

Our flip-chip bonder is one of the products that achieved revenue growth last year. The Group made good progress with its flip-chip bonder business. Its AD8312FC flip-chip bonder for high-speed low-I/O (input/output) applications was a big success. We believe that we have achieved a dominant market share of well above 50% of the flip chip bonders supplied to this market last year. In fact, it is very likely that we have overtaken our peers and emerged as the top flip-chip bonder supplier by quantity in the world.

Besides high-speed low-I/O applications, the Group continues to enhance its product offerings to the flip-chip market. We are extending our thermo-compression bonding ("TCB") solutions to the through silicon via ("TSV") memory stack market. With our proven TCB technology, we have successfully produced bonded samples that have drawn significant interest from our customers. Other than our proven technology, customers are also impressed that, among all the TCB bonder suppliers, the Group has the highest number of installations of TCB bonders worldwide.

Recognising the growing interest and momentum in wafer level fan-out ("WLFO") packaging, the Group has lined up a comprehensive product portfolio to address this new application, including laser grooving ("ALSI"), printing ("DEK"), placement (the "CA" from the SMT Placement Division and the "Nucleus" from the Back-end Equipment Segment), wafer-level molding (the "ORCAS"), package singulation ("ALSI") and test, inspection and pack ("Sunbird") machines. No other equipment supplier in the world has a similarly extensive advanced packaging product portfolio.

CMOS Image Sensor ("CIS") equipment is another product that achieved revenue growth last year. Besides traditional assembly equipment, the Group's active alignment ("AA") machine gained strong recognition from many interested customers. We expect that CIS equipment will continue to be one of our growth drivers going forward. While the growth rate for smartphones may slow down, new-generation phones will come with more advanced cameras that require new equipment to produce. We also expect more cameras to be deployed in automobiles. Dual cameras and 3D-sensing devices will further fuel demand for CIS equipment.

Test handlers also experienced revenue growth last year. In particular, our test handlers for small packages gained a high market share. With the rising demand for electronic devices with thinner and smaller form factors and the proliferation of system-in-package (SIP) devices, we expect that production volumes for small packages will continue to grow faster than the overall semiconductor market. Our strategy of deploying enabling technologies that are commonly available to front-of-line ("FOL") equipment (such as bonders) into test handlers is yielding good returns for us.

## **REVIEW – continued**

We also achieved revenue growth last year for the laser grooving/dicing equipment business, which we established in early 2014, although the base is still small at the moment. Through various field tests and evaluations, customers have clearly recognised the superior technologies that we possess and the value that we can offer. Besides presenting much faster throughput, our laser dicing systems offer better quality and higher capability. They are particularly beneficial for thin wafers and package singulation for both fan-in and fan-out wafer level packages. The synergistic benefits of superior technology from the team in the Netherlands and our strong market network and infrastructure support in Asia have proven to be strong success factors. We are confident that we will continue to experience further annual revenue growth this year in this business.

The LED market was more active last year as compared to the IC and discrete market, particularly during the second half of the year. Besides LED general lighting, big LED display panels is another growth driver. With consolidation in the market, capacity expansion is increasingly the domain of large LED players in the market. This is beneficial to the Group as it is more established with large customers. Last year, we gained further market share for the supply of LED equipment.

In the LED business, the Group continues to form partnerships with customers to develop new processes and packages. The Group is pleased to note that one of its key customers successfully launched its CSLED (chip-scale LED) devices to the market last year. With its comprehensive product range, breadth of process knowledge and strong customer relationship, the Group is currently enjoying a healthy market share in the CSLED business although the market size is presently still very much smaller than that for traditional LED packages.

IDM customers for the IC/discrete market contributed to a significant proportion of the reduction in our Back-end Equipment revenue in 2015, as compared to 2014.

During the second half of last year, Back-end Equipment revenue amounted to US\$341.0 million, contracting 28.3% and 18.1% against the second half of 2014 and the preceding six months, respectively. Back-end Equipment revenue for the fourth quarter of last year fell by 21.7% year-on-year and 18.4% quarter-on-quarter to US\$153.2 million, respectively.

New order bookings for Back-end Equipment last year decreased by 14.7% as compared to 2014. New order bookings for the second half of last year contracted by 15.8% and 26.9% as compared to the same period in 2014 and the first half of last year, respectively.

New order bookings for the fourth quarter of last year grew 17.3% as compared to the same period in 2014, although it contracted 5.5% from the preceding quarter. The rebound in bookings during the fourth quarter exceeded the Group's initial expectations. The rebound partially resulted from stronger demand for LED equipment, but it also reflected some restoration of investment confidence towards the end of last year.

Despite lower revenue as compared to the year before, the gross margin of this segment was fairly stable at 39.4% (2014: 41.9%). In fact, we were able to reduce the quarter-to-quarter volatility in the gross margin of this business segment. Our strategy of building a more flexible workforce and to increase the ratio of external manufacturing has contributed positively to the improvement.

With our unceasing efforts at diversifying our product portfolio over the past few years, we have successfully reduced our dependence on demand for traditional die and wire bonders.

## **REVIEW – continued**

Last year, the business generated from traditional die and wire bonders for the assembly of semiconductor and LED devices contributed to around 50% of the Back-end Equipment Segment revenue. The rest was mainly contributed by packaging-related equipment, test handlers, flip-chip bonders, TCB bonders, clip bonders for power management applications, CIS assembly equipment, wafer level packaging equipment and laser separation systems.

We believe that we have put in place the right product and technology portfolio and that ASMPT is in a unique position to take advantage of the continuous technology transition to advanced packages. The strengths of ASMPT will make it a natural partner for its customers in their pursuit of successful transitions to advanced packaging technology.

### **Materials Business Segment**

Last year, revenue from our Materials Business Segment was US\$221.2 million, which was a decrease of 9.8% from the year before. Both our stamped and etched lead frames experienced revenue contractions from the previous year, although it is worth noting that this business segment had attained multiple records during the previous year. The Materials Business Segment contributed 13.2% to the Group's total revenue.

During the second half of last year, revenue from our Materials Business Segment amounted to US\$106.5 million, representing declines of 13.4% and 7.2% against the second half of 2014 and the preceding six months, respectively. Revenue of our Materials Business Segment for the fourth quarter of last year fell by 9.5% year-on-year and 2.6% from the preceding quarter, respectively.

New order bookings for the Materials Business Segment contracted by 7.9% last year as compared to 2014. The level of new order bookings for the second half of last year was practically flat. New order bookings for the second six months contracted by 0.9% as compared to the same period in 2014 but increased 1.7% from the first half of last year.

We observed that new order bookings for the Materials Business Segment rebounded during the fourth quarter of 2015. It achieved slight improvements of 3.3% and 1.5% as compared to the same period in 2014 and the preceding quarter, respectively.

With our continuing cost reduction efforts, the profitability of our Materials Business Segment improved further last year. Gross margin of the segment increased by 1.0% (102 bps) as compared to the year before, despite lower revenue. The gross margin in the fourth quarter of last year also demonstrated a year-on-year improvement of 1.6% (157 bps).

While we continue to outperform the broader lead frame market, we do recognise the potential impact on our lead frame business as and when the market transitions to advanced packaging technology.

Therefore, we made a strategic decision last year to enter into the advanced packaging materials business by setting up a joint venture company with a tier-1 OSAT to develop and produce MIS products. We believe that the move will enhance the Group's position in advanced packaging technology in the long term. Together with the Group's product portfolio for equipment, the Group is capable of offering total solutions to customers in a range of applications utilising advanced packaging technology.

## **REVIEW – continued**

The Group's entry into this business has been well-received by customers. After progressing beyond the start-up phase, we expect the MIS business to contribute positively to further improvements in this business segment's gross margin, profitability and revenue growth. However, due to the start-up costs incurred, we anticipate that there would be some negative impact to the profitability of the Materials Business Segment for the next few quarters.

### **SMT Solutions Business Segment**

Last year, revenue for our SMT Solutions Segment fell slightly by 2.4% to US\$695.5 million, but it still managed to become the top supplier for SMT equipment in the world. We believe that our market share is now getting close to the mid-20% range.

The SMT Solutions Segment contributed to 41.6% of the Group's revenue and 51.4% of the Group's profits before tax ("PBT"). During the second half of last year, the segment contributed 43.7% of the Group's revenue and 71.5% of the Group's PBT. The SMT Solutions Segment achieved a gross margin of 39.6% and segment result of 13.9% last year.

Whilst the depreciation of the Japanese yen continues to exert tremendous pressure on average selling prices ("ASP"), we were able to at least partially offset the negative effect on our profitability with our superior technology, outstanding machine performance, savings from in-sourcing and the depreciation of the Euro against the U.S. dollar.

During the second half of last year, revenue from our SMT Solutions Segment amounted to US\$347.2 million, representing contractions of 26.5% and 0.3% as compared to the same period of 2014 and the preceding six months, respectively. During the fourth quarter of last year, revenue of our SMT Solutions Segment amounted to US\$172.1 million, representing declines of 9.9% and 1.8% as compared to the same period of 2014, and the preceding quarter, respectively.

Gross margin for this segment improved to 43.6% in the fourth quarter of last year, which was a significant increase based upon both quarter-on-quarter and year-on-year comparisons. The improvement was mainly due to a higher revenue contribution from the European market as well as the release of product warranty provisions at the closing of the accounting period because of the segment's continuous improvements in product quality and reliability.

Bookings for our SMT Solutions Segment decreased by 4.7% for the whole of last year, whilst bookings for the second half of last year decreased by 13.8% relative to the previous year.

New orders received during the fourth quarter grew by 8.3% and 5.4% year-on-year and quarter-on-quarter respectively. The improvement in bookings occurred earlier than we have anticipated.

Our SMT Solutions Segment has performed very well since its acquisition by the Group five years ago. Not only did we advance to be the top global supplier, we also managed to increase our market share from about 11-12% in 2010 to the mid-20% range last year. Gross margin also improved from around the 30% level to around the 40% level last year.

Synergies that we have envisaged have been successfully realised. In fact, the integration has progressed more smoothly than we have anticipated. The technical competence of our Enabling Technology Group in Asia is proving to be complementary to our SMT Solutions Segment in various beneficial aspects. It not only allows the Group to achieve significant cost reduction through in-sourcing, it also helps to further boost the performance of our SMT Solutions products.

## **REVIEW – continued**

Over the past few years, the pace of innovation of our SMT Solutions Segment has continued to accelerate. Our responsiveness to customers and market needs has improved significantly. This contributes directly to our market share gain as well as improves our profitability. Moreover, it expands our serviceable available market (“SAM”). The favourable exchange rate has also helped the SMT Solutions Segment to achieve its profitability goals.

Moving forward, this business segment aims to further improve its manufacturing footprint by getting closer to the market, lowering its logistics costs and carbon emission, and achieving a more balanced exposure to exchange-rate risks. This year, we will execute projects to increase the manufacturing of SMT Solutions products from our factory in Malaysia.

Other than serving the traditional electronic printed circuit board (“PCB”) assembly market, our SMT Solutions Segment is aggressively pushing into the semiconductor market. The Group has made notable breakthroughs into applications like SIP devices, embedded PCB and wafer-level fan-out applications in the past two years.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Cash and bank deposits as of 31 December 2015 was HK\$2.28 billion (2014: HK\$2.59 billion). During 2015, HK\$925.8 million was paid as dividends (2014: HK\$520.8 million). Capital addition during the period amounted to HK\$564.6 million (2014: HK\$444.1 million), which was funded by the year’s depreciation and amortisation of HK\$419.8 million (2014: HK\$417.9 million). Accounts receivable have been tightly monitored during the year. However, due to the prevailing market conditions, they have increased to 102.1 days sales outstanding (2014: 86.8 days).

As of 31 December 2015, the current ratio was 3.22, with a debt-equity ratio of 30.6% (debts include all bank borrowings and convertible bonds). The Group had available banking facilities of HK\$2.39 billion (US\$308.3 million) in the form of bank loans and overdraft facilities, out of which HK\$907.4 million (US\$117.1 million) or its equivalent was committed facilities. As of 31 December 2015, the Group has drawn HK\$178.9 million (US\$23.1 million) from its available banking facilities, all of which was utilisation of committed facilities. The Group’s shareholders’ funds decreased to HK\$8.01 billion as at 31 December 2015 (2014: HK\$8.21 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 pounds. Our limited yen-based receivables were offset by some accounts payable in yen to Japanese vendors. With the addition of the SMT equipment business and ALSI laser and grooving business, the Group’s exposure to the Euro and the British pound has increased since 2011 and 2014, respectively.

We continue to believe in returning excess cash to our shareholders by way of dividends. After considering our mid- to short-term needs and our cash on hand, the Board recommends a final dividend of HK\$0.40 (2014: final dividend of HK\$1.30) per share. The total dividend payout for 2015 is HK\$1.40 per share (2014: HK\$2.10 per share), with a payout ratio of 59.0%.

## **HUMAN RESOURCES**

ASMPT recognises human resources as one of the Group's most important assets. Recruiting and retaining high-calibre employees is always a high priority in ASMPT. Besides offering competitive remuneration packages, ASMPT is also committed to specialised yet demanding staff development and training programmes. 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 2015, the total headcount of the Group worldwide was approximately 14,300 people, of whom 1,300 were based in Hong Kong, 8,900 were based in Mainland China, 1,400 were based in Singapore, 900 were based in Germany, 800 were based in Malaysia and 400 were based in the United Kingdom. The remainder was based in other parts of the world.

ASMPT invests aggressively to build up its competence in core and enabling technologies. After its recent acquisitions, ASMPT currently operates six R&D centres around the globe. These R&D centres are located in Hong Kong, Chengdu (China), Singapore, Munich (Germany), Weymouth (the United Kingdom) and Beuningen (the Netherlands). As at the end of 2015, there were around 1,700 product development and R&D engineers in ASMPT, with about 56% holding 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 three years, the Group has increased the deployment of contract and out-sourced workers in its production operations.

Total manpower costs for the Group in 2015 were HK\$3.86 billion, as compared with HK\$3.94 billion in 2014.

## **PROSPECTS**

We believe that the current industry cycle will extend into 2016. In fact, most analysts expect 2016 to be a year of mild contraction for the semiconductor packaging and assembly equipment industry.

From the Group's perspective, we are encouraged by the rebound in bookings in the fourth quarter of last year relative to the previous year for all three of our business segments. This probably confirms a general consensus in the industry that the current industry cycle should be a shallow and short one.

However, we are mindful that the global semiconductor and electronics industries will unavoidably be affected by macroeconomic conditions, which would impact both global demand and investment confidence. We believe that the industry has to adjust to the reality of a much slower rate of growth for smartphone shipments. We also believe that as more electronic components make their way into automobiles, the growth rate should start to moderately improve.

Given such an industrial environment, our diversified customer base and application markets should serve to distinguish ASMPT from its peers and to bolster its competitiveness. Furthermore, the broad portfolio of new products that we have developed to address new growth areas such as TCB bonders, high-speed low-IO flip chip bonders, AA machines for CIS applications, test handlers for small devices, a comprehensive spread of product solutions for WLFO, laser grooving and dicing systems, MIS and CSLED in the semiconductor packaging arena as well as line solutions for the SMT equipment market will further enhance ASMPT's ability to outperform the market.

## **PROSPECTS – continued**

Overall, we believe that we will again demonstrate our resilience in 2016, which is expected to be a year of mild contraction for the market. Based on the current market momentum, we expect Back-end Equipment billings in the first quarter of this year to achieve double digit percentage growth over the preceding quarter while the overall Group billings will match or perform slightly better than the billings achieved in the preceding quarter. Bookings will likely show a quarterly upswing.

## **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 315,000 shares in the Company. The cost of purchase of these shares amounted to HK\$23.3 million.

## **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 year ended 31 December 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 year ended 31 December 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 consolidated financial statements for the year ended 31 December 2015 in conjunction with the Company’s external auditor.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures as set out in the preliminary announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 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, 23 February 2016