ASM PACIFIC TECHNOLOGY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2016 THIRD QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016

Net Profits More Than Tripled Compared To Last Year

Third Quarter of 2016

- Group revenue of US$540.6 million, representing improvements of 29.9% and 14.4% over the same period last year and the preceding quarter, respectively
- Net profit of HK$578.0 million, representing surges of 220.7% and 63.1% over the same period last year and the preceding quarter, respectively
- Earnings per share of HK$1.44 for the third quarter 2016
- Back-end equipment revenue of US$287.3 million, representing improvements of 53.1% and 12.6% over the same period last year and the preceding quarter, respectively
- SMT Solutions revenue of US$189.6 million, representing improvements of 21.8% and 8.6% over the preceding quarter and the same period last year, respectively
- Materials revenue of US$63.7 million, representing improvements of 18.2% and 3.1% over the same period last year and the preceding quarter, respectively
- New order bookings of US$435.8 million, representing an improvement of 14.4% over the same period last year and a contraction of 22.4% against the preceding quarter
- Cash and bank deposits of HK$3.15 billion at the end of September 2016

First Nine Months of 2016

- Group revenue of US$1.38 billion, representing an improvement of 6.8% over the same period last year
- Net profit of HK$1.06 billion, representing an increase of 17.4% over the same period last year
- Earnings per share of HK$2.66 for the first nine months of 2016
- Back-end equipment revenue of US$707.2 million, representing an improvement of 17.2% over the same period last year
- SMT Solutions revenue of US$493.9 million, representing a contraction of 5.4% against the same period last year
- Materials revenue of US$180.6 million, representing an improvement of 7.2% over the same period last year
- New order bookings of US$1.41 billion, representing an improvement of 5.0% over the same period last year
- Backlog amounted to US$415.9 million as of the end of the third quarter, an increase of 3.1% from the same period last year

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the third quarter and nine months ended 30 September 2016:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") reported a revenue of HK$4.20 billion (US$540.6 million) for the three months ended on 30 September 2016, representing an increase of 29.9% as compared with HK$3.23 billion (US$416.9 million) for the same period last year and an increase of 14.4% when compared with the revenue of HK$3.67 billion (US$472.8 million) for the preceding three-month period.

The Group's consolidated profit after taxation for the three months was HK$578.0 million, which was 220.7% higher than the corresponding period in 2015 and 63.1% higher than the preceding three-month period. Basic earnings per share (EPS) for the three-month period amounted to HK$1.44 (third quarter of 2015: HK$0.45, second quarter of 2016: HK$0.89).

The Group reported revenue of HK$10.73 billion (US$1.38 billion) for the nine months ended 30 September 2016, representing an increase of 6.8% as compared with HK$10.05 billion (US$1.30 billion) for the same period last year. The Group's consolidated profit after taxation for the nine months is HK$1.06 billion which was 17.4% higher than the same period in 2015.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOILIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 Sep		Nine months ended 30 Sep	
		2016	2015	**2016**	2015
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Revenue	1	**4,196,922**	3,231,077	**10,728,204**	10,048,895
Cost of sales		**(2,543,079)**	(2,135,704)	**(6,693,878)**	(6,420,019)
Gross profit		**1,653,843**	1,095,373	**4,034,326**	3,628,876
Other income		**16,341**	21,810	**30,775**	34,760
Selling and distribution expenses		**(349,196)**	(311,422)	**(955,406)**	(942,621)
General and administrative expenses		**(205,577)**	(186,737)	**(577,274)**	(548,048)
Research and development expenses		**(331,761)**	(297,406)	**(908,612)**	(879,042)
Other gains and losses		**(21,462)**	(13,225)	**(52,786)**	38,812
Finance costs		**(52,779)**	(39,793)	**(144,442)**	(116,747)
Restructuring costs		**(148)**	(21,262)	**(80,405)**	(21,262)
Profit before taxation		**709,261**	247,338	**1,346,176**	1,194,728
Income tax expense		**(131,246)**	(67,110)	**(285,845)**	(291,644)
Profit for the period		**578,015**	180,228	**1,060,331**	903,084
Profit for the period attributable to:					
Owners of the Company		**584,108**	180,228	**1,077,223**	903,084
Non-controlling interests		**(6,093)**	-	**(16,892)**	-
		578,015	180,228	**1,060,331**	903,084
Earnings per share	2				
- Basic		**HK$1.44**	HK$0.45	**HK$2.66**	HK$2.24
- Diluted		**HK$1.43**	HK$0.45	**HK$2.65**	HK$2.24

CONDENSED CONSOILIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit for the period	**578,015**	180,228	**1,060,331**	903,084
Other comprehensive (expense) income				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	**(10,299)**	(116,905)	**20,127**	(309,263)
Total comprehensive income for the period	**567,716**	63,323	**1,080,458**	593,821
Total comprehensive income for the period attributable to:				
Owners of the Company	**573,817**	63,323	**1,097,279**	593,821
Non-controlling interests	**(6,101)**	-	**(16,821)**	-
	567,716	63,323	**1,080,458**	593,821

Notes:

1. Segment Information

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

	Three months ended 30 Sep		**Nine months ended 30 Sep**	
	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	**2016 (Unaudited) HK$'000**	2015 (Unaudited) HK$'000
Segment revenue from external customers				
Back-end equipment	**2,228,406**	1,455,138	**5,488,558**	4,682,987
Surface mount technology ("SMT") solutions	**1,474,233**	1,357,693	**3,837,758**	4,058,367
Materials	**494,283**	418,246	**1,401,888**	1,307,541
	4,196,922	3,231,077	**10,728,204**	10,048,895
Segment profit				
Back-end equipment	**546,201**	166,583	**1,149,757**	674,349
SMT solutions	**226,267**	135,795	**425,378**	543,128
Materials	**38,272**	34,869	**128,351**	117,252
	810,740	337,247	**1,703,486**	1,334,729
Interest income	**6,499**	1,544	**16,666**	5,071
Finance costs	**(52,779)**	(39,793)	**(144,442)**	(116,747)
Unallocated other income	**265**	217	**391**	217
Unallocated net foreign exchange (loss) gain	**(20,491)**	(14,662)	**(55,216)**	34,732
Unallocated general and administrative expenses	**(34,825)**	(15,953)	**(94,304)**	(42,012)
Restructuring costs	**(148)**	(21,262)	**(80,405)**	(21,262)
Profit before taxation	**709,261**	247,338	**1,346,176**	1,194,728
Segment profit %				
Back-end equipment	**24.5%**	11.4%	**20.9%**	14.4%
SMT solutions	**15.3%**	10.0%	**11.1%**	13.4%
Materials	**7.7%**	8.3%	**9.2%**	9.0%

2. 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:

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**584,108**	180,228	**1,077,223**	903,084

	Number of Shares (in thousand)		Number of Shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**405,782**	402,297	**405,071**	402,434
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,781**	1,531	**1,251**	1,076
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**407,563**	403,828	**406,322**	403,510

Note: The computation of diluted earnings per share for the three months ended 30 September 2016 and 2015 and the nine months ended 30 September 2016 and 2015 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.

REVIEW

The Group has performed well so far this year despite tough macroeconomic conditions. Group revenue for the first nine months of this year has exceeded the revenue for the same period last year by 6.8%. During the third quarter of this year, revenue growths of 29.9% year-on-year and 14.4% quarter-on-quarter were achieved for the Group.

All three of our business segments achieved revenue expansions on quarterly and yearly bases. Due to the higher revenue, the changes that we have put in place over the past few years, and our aggressive cost reduction efforts, we have achieved a significant improvement in profitability this year. Net profit for the first nine months of this year has already exceeded our net profit gained for the whole of last year by 11.3%. In fact, net profit during the third quarter surged 220.7% as compared with the third quarter last year and 63.1% as compared with the second quarter of this year.

The Group's gross margins for the third quarter and for the first nine months of this year were 39.4% and 37.6% respectively, representing year-on-year improvements of 5.5% and 1.5% respectively.

The Back-end Equipment Segment has again emerged as the key contributor to the Group's good performance this year. During the third quarter, revenue from Back-end Equipment surged 53.1% as compared with the same period last year, driven mainly by demand from the CMOS Imaging Sensor ("CIS") and LED markets.

The SMT Solutions Segment also showed a strong quarterly revenue improvement during the third quarter.

We believe that the double-digit percentage improvements of both the bookings and the billings of our Materials Segment in comparison with last year serve as a good indicator as to the current healthiness of the global semiconductor and electronics industry.

Group revenue for the third quarter of this year was US$540.6 million, which constituted improvements of 29.9% and 14.4% respectively against the same period last year and the preceding quarter. Group revenue for the first nine months of this year was US$1.38 billion, which was an increase of 6.8% against the same period a year ago.

During the third quarter, the Group received new order bookings of US$435.8 million, which was an improvement of 14.4% year-on-year and a contraction of 22.4% quarter-on-quarter. All three business segments achieved improvements in their quarterly bookings as compared with the third quarter of last year, while the Materials Segment also experienced a boost in quarterly bookings from the preceding quarter.

New order bookings for the first nine months of this year amounted to US$1.41 billion, which was an improvement of 5.0% as compared with the same period last year. The book-to-bill ratio for the third quarter was 0.81. The backlog as of the end of the third quarter amounted to US$415.9 million, a decrease of 19.9% from the end of the second quarter this year, but an increase of 3.1% from the same period last year.

By geographical distribution, China inclusive of Hong Kong (55.9%), Europe (14.0%), the Americas (7.5%), Malaysia (6.7%) and Taiwan (4.9%) were the top five markets for the Group during the third quarter, as well as for the first nine months of this year.

REVIEW – continued

Moreover, profitability of the Group has improved significantly. Profit before tax ("PBT") amounted to HK$709.3 million and HK$1.35 billion for the third quarter and for the first nine months of this year, respectively. These amounts represented respective gains of 186.8% and 12.7% relative to the corresponding periods in 2015.

The Group's gross margin was 39.4% in the third quarter of this year, representing an improvement of 0.3% quarter-on-quarter and 5.5% year-on-year.

The Group continued to intensify its efforts to improve its working capital management. This resulted in significant free cash-flow generation of HK$663.3 million during the third quarter of this year, and a strong cash balance (inclusive of bank deposits) of HK$3.15 billion as of the end of the third quarter.

While we have noticed that the governments of many countries and major world economic institutions have revised downwards their economic growth forecasts for their country and the world, we are confident that 2016 will nevertheless be a year of growth for the Group in the areas of bookings, revenue and profits.

The Group's performance in the third quarter of this year reflected its success in diversifying its business and expanding the size of its total addressable market ("TAM"). We believe that our strategy of focusing on the long-term growth of the Group and our efforts in transforming ASMPT are now bearing fruit. ASMPT is well-positioned to capture emerging market opportunities and to bring higher returns to its shareholders.

Capital addition during the period amounted to HK$109.7 million, which was fully funded by depreciation and amortization during the third quarter amounting to HK$113.5 million.

Back-end Equipment Segment

Billings in the third quarter in respect of Back-end Equipment amounted to US$287.3 million, constituting a surge of 53.1% from the same period a year ago and a more modest growth of 12.6% as compared with the second quarter of this year.

Back-end Equipment billings for the first nine months of this year grew by 17.2% to US$707.2 million as compared with the same period last year.

The Back-end Equipment Segment contributed to 51.1% of total Group billings for the first nine months of this year and 53.1% during the third quarter, respectively.

During the third quarter, new order bookings for the Back-end Equipment Segment grew by 21.5% from the same period last year, but declined by 29.4% as compared with the second quarter of this year due to seasonal effects. For the nine-month period, bookings for Back-end Equipment grew by 12.1% as compared with the same period of last year.

The strong performance of our Back-end Equipment Segment was driven mainly by robust demand from the CIS and LED markets. With our strong performance during the past three quarters, we are of the view that this business segment is very likely to achieve a double-digit percentage growth in billings this year (on a full year basis) from last year.

REVIEW – continued

In fact, many products in this business segment have already achieved revenue growths as compared with the whole of last year. They include: CIS equipment, wire bonders, inspection systems for solar wafers and laser dicing equipment. In particular, CIS has become a third pillar of our Back-end Equipment business, along with the IC/Discrete and LED businesses, contributing to more than 10% of the revenue of this business segment.

During the third quarter of this year, the Back-end Equipment Segment achieved a gross margin of 45.3%, representing improvements of 1.1% quarter-on-quarter and 6.1% year-on-year. Segment profits amounted to HK$546.2 million and HK$1.15 billion for the third quarter and the first nine months this year, representing year-on-year improvements of 227.9% and 70.5%, respectively. In fact, segment profits for the first nine months this year have already surpassed the full-year segment profits in 2015 by 63.8%. Its segment result was 24.5% during the third quarter and 20.9% during the first nine months of this year, which constituted year-on-year improvements of 13.1% and 6.5% respectively.

Materials Segment

The Materials Segment generated US$63.7 million in revenue in the third quarter, representing growths of 18.2% and 3.1% over the same period a year ago and the second quarter this year, respectively. Billings for the first nine-month period amounted to US$180.6 million, representing a growth of 7.2% against the same period a year ago.

The Materials Segment contributed to 11.8% and 13.1% of total Group billings during the third quarter of 2016 and the first nine months of this year, respectively.

New order bookings for the Materials Segment grew by 8.9% and 13.5% as compared to the second quarter of this year and against the same period last year respectively. On a nine-month basis, bookings for our Materials business grew by 11.8% over the same period last year.

During the first nine months of this year, the Materials Segment had a gross margin of 15.7% and a segment result of 9.2%, representing year-on-year improvements of 0.1% and 0.2%, respectively.

The Group has invested in Molded Inter-connect Substrates (“MIS”), a packaging material used in some advanced packages, since the fourth quarter of last year. As the investment is still at an early phase, it has lowered the overall profitability performance of our Materials Segment this year. Without this investment, segment profits for the first nine months this year would have already surpassed the full-year segment profits in 2015 by a double digit percentage.

Nevertheless, with its strong performance in the past three quarters, we believe that the Materials Segment is on course to realise growths in revenue and segment profits on a full-year basis.

SMT Solutions Segment

The SMT Solutions Segment achieved billings of US$189.6 million in the third quarter, managing growths of 21.8% and 8.6% as compared with the second quarter of this year and the same period a year ago, respectively.

REVIEW – continued

For the first nine months of the year, billings for the SMT Solutions Segment were US$493.9 million, representing a contraction of 5.4% from the same period of last year. The SMT Solutions Segment contributed to 35.1% and 35.8% of total Group billings during the third quarter of 2016 and the first nine months of this year, respectively.

During the third quarter, new order bookings for the SMT Solutions Segment grew by 6.9% as compared with the same period of last year but contracted 21.3% against the preceding quarter. New order bookings for the first nine months of this year contracted by 5.2% as compared to the same period of last year.

The SMT Solutions Segment achieved a gross margin of 39.0% and a segment result of 15.3% during the third quarter of this year, representing year-on-year improvements of 5.2% and 5.3%, respectively.

Due to challenging market conditions, we anticipate that this business segment will experience a small revenue contraction this year as compared with last year.

PROSPECTS

As we approach the end of the year, a time which is typically a low season for the semiconductor industry, we expect that both Group billings and bookings would experience sequential contractions in the fourth quarter relative to the third quarter.

We anticipate that Group billings in the fourth quarter would decline by a double-digit percentage on a quarterly basis, but would rise by a high single digit to mid-teen percentage year-on-year. With our strong performance so far this year, we are confident that Group billings this year will be better than last year by a mid-to-high single digit percentage.

Both the Back-end Equipment and Materials Segments are expected to achieve full-year growths in revenue and segment profits. Due to challenging market conditions, the SMT Solutions Segment is expected to suffer a small revenue contraction as compared with last year.

We notice that the market sentiment this year is better than the same period last year. Therefore, we believe that it is more likely than not that there would be a year-on-year improvement in the Group's bookings during the fourth quarter of this year. Group bookings are also more likely to achieve growth on a full-year basis.

Net profit of the Group this year would likely surpass the net profit achieved last year by a large margin since net profit for the first nine months has already surpassed the full-year net profit gained from last year.

PROSPECTS – continued

We are fully aware of the ongoing challenging macroeconomic conditions and the adverse economic indications presented by the world's major economies and economic institutions such as the International Monetary Fund. Even so, we are of the view that the journey of strategic transformation which the Group embarked on a few years ago will put the Group in a competitive position to gain market share and to capture any future market opportunities.

The strategy of diversified applications and products adopted by ASMPT continues to serve it well. With its strong foundation, we are confident that ASMPT is on track to achieve long term growth and to deliver higher returns to its shareholders.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2016.

BOARD OF DIRECTORS

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

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 26 October 2016