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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

**ANNOUNCEMENT OF UNAUDITED 2017 FIRST QUARTER RESULTS FOR
THE THREE MONTHS ENDED 31 MARCH 2017**

ASMPT Set Many New Records In Q1 2017

- Group revenue of US\$484.7 million increased by 31.4% and 6.8% over the same period of last year and the preceding three months, respectively
- Net profit of HK\$729.2 million, representing surges of 470.0% and 92.9% over the same period of last year and the preceding three months, respectively
- Excluding the non-cash gain related to the adjustment of liability component of convertible bonds amounted to HK\$202.1 million, the Group's net profit amounted to HK\$527.1 million, improved by 312.0% year-on-year
- Earnings per share was HK\$1.80, representing increases of HK\$1.47 and HK\$0.85 over the same period of last year and the preceding three months, respectively
- Excluding the non-cash gain related to the adjustment of liability component of convertible bonds, earnings per share was HK\$1.31, representing increases of HK\$0.98 and HK\$0.36 over the same period of last year and the preceding three months, respectively
- Back-end Equipment revenue was US\$257.6 million, representing increases of 56.1% and 15.5% over the same period of last year and the preceding three months, respectively
- Materials revenue was US\$64.1 million, representing increases of 16.2% and 5.8% over the same period of last year and the preceding three months, respectively
- SMT Solutions revenue was US\$163.0 million, representing an improvement of 9.6% over the same period of last year but a contraction of 4.2% against the preceding three months
- Group bookings of US\$608.4 million, increased by 48.6% and 29.2% over the same period of last year and the preceding three months, respectively
- Cash and bank deposits was HK\$3.04 billion at the end of March 2017, as compared to HK\$3.21 billion at the end of 2016
- Book to bill ratio was 1.26

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the three months ended 31 March 2017:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) achieved revenue amounting to **HK\$3.76 billion** (US\$484.7 million) for the three months ended 31 March 2017, which was an increase of 31.4% as compared with HK\$2.86 billion (US\$368.3 million) for the first quarter of 2016 and an increase of 6.8% as compared with HK\$3.52 billion (US\$454.5 million) for the preceding quarter. The Group's consolidated profit after taxation for the first quarter of 2017 was **HK\$729.2 million** as compared with a profit of HK\$127.9 million in the corresponding period in 2016, and a profit of HK\$378.1 million in the previous quarter. Basic earnings per share for the first quarter of 2017 amounted to **HK\$1.80** (first quarter of 2016: HK\$0.33, fourth quarter of 2016: HK\$0.95).

FINANCIAL HIGHLIGHTS

		Three months ended		
		31 March 2017 (unaudited) HK\$'000	31 December 2016 (unaudited) HK\$'000	31 March 2016 (unaudited) HK\$'000
	<i>Notes</i>			
Revenue	1	3,761,237	3,520,889	2,862,074
Cost of sales		(2,259,969)	(2,197,740)	(1,915,970)
Gross profit		1,501,268	1,323,149	946,104
Other income		16,031	47,658	5,271
Selling and distribution expenses		(333,062)	(321,920)	(285,860)
General and administrative expenses		(180,869)	(207,805)	(172,000)
Research and development expenses		(317,707)	(334,163)	(266,286)
Adjustment of liability component of convertible bonds	2	202,104	-	-
Other gains and losses		(11,985)	1,438	(4,923)
Restructuring costs		-	(17,494)	(1,394)
Finance costs		(39,932)	(44,090)	(49,489)
Profit before taxation		835,848	446,773	171,423
Income tax expense		(106,669)	(68,722)	(43,492)
Profit for the period		729,179	378,051	127,931
Profit for the period attributable to:				
Owners of the Company		736,024	386,641	133,792
Non-controlling interests		(6,845)	(8,590)	(5,861)
		729,179	378,051	127,931
Earnings per share	3			
- Basic		HK\$1.80	HK\$0.95	HK\$0.33
- Diluted		HK\$1.32	HK\$0.95	HK\$0.33

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		
	31 March	31 December	31 March
	2017	2016	2016
	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000
Profit for the period	729,179	378,051	127,931
Other comprehensive income (expense)			
- exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	70,754	(234,110)	137,869
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss	-	(23,634)	-
Other comprehensive income (expense) for the period	70,754	(257,744)	137,869
Total comprehensive income for the period	799,933	120,307	265,800
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company	806,781	128,896	271,596
Non-controlling interests	(6,848)	(8,589)	(5,796)
	799,933	120,307	265,800

Notes:

1. Segment Information

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

	Three months ended		
	31 March 2017 (unaudited) HK\$'000	31 December 2016 (unaudited) HK\$'000	31 March 2016 (unaudited) HK\$'000
Segment revenue from external customers			
Back-end equipment	1,999,337	1,731,164	1,280,423
Surface mount technology ("SMT") solutions	1,264,523	1,319,548	1,153,610
Materials	497,377	470,177	428,041
	3,761,237	3,520,889	2,862,074
Segment profit			
Back-end equipment	493,916	337,447	157,460
SMT solutions	170,428	153,076	53,756
Materials	40,001	42,059	40,054
	704,345	532,582	251,270
Interest income	8,581	9,744	3,858
Adjustment of liability component of convertible bonds	202,104	-	-
Finance costs	(39,932)	(44,090)	(49,489)
Unallocated other expenses	-	(1,562)	-
Unallocated net foreign exchange loss	(14,407)	(657)	(7,725)
Unallocated general and administrative expenses	(24,843)	(31,750)	(25,097)
Restructuring costs	-	(17,494)	(1,394)
Profit before taxation	835,848	446,773	171,423
Segment profit %			
Back-end equipment	24.7%	19.5%	12.3%
SMT solutions	13.5%	11.6%	4.7%
Materials	8.0%	8.9%	9.4%

2. Adjustment of liability component of convertible bonds

On 28 March 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of HK\$2,400,000,000. The Company would, at the option (“Put Option”) of the bond holder, redeem all or some of the convertible bonds on 28 March 2017 at their principal amount together with interest accrued to such date but unpaid. The Put Option lapsed on 28 March 2017. The estimated date of payment in relation to the convertible bonds is revised from 28 March 2017 to 28 March 2019. Accordingly, the carrying amount of the liability component of the convertible bonds is adjusted from HK\$2,250,000,000 to HK\$2,047,896,000 on 28 March 2017 to reflect the revised estimated cash outflows that is recalculated by computing the present value of estimated future cash flows at its original effective interest rate of 6.786% per annum. The adjustment of the carrying value of the liability component of the convertible bonds amounting to HK\$202,104,000 is recognized in profit or loss for the period.

3. 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		
	31 March 2017 (unaudited) HK\$'000	31 December 2016 (unaudited) HK\$'000	31 March 2016 (unaudited) HK\$'000
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to owners of the Company)	736,024	386,641	133,792
Less: Adjustment of liability component of convertible bonds (<i>Note</i>)	(202,104)	-	-
Add: Interest expense on convertible bonds (<i>Note</i>)	37,230	-	-
Earnings for the purpose of calculating diluted earnings per share	571,150	386,641	133,792
	Number of Shares (in thousands)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	408,203	406,238	404,491
Effect of dilutive potential shares:			
- Employee Share Incentive Scheme	31	2,034	15
- Convertible bonds (<i>Note</i>)	23,627	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	431,861	408,272	404,506

3. Earnings per share - continued

Note: In the calculation of the diluted earnings per share for the three months ended 31 March 2017, the Company's outstanding convertible bonds are assumed to have been fully converted into ordinary shares and the profit for the period attributable to owners of the Company is adjusted to exclude the items comprising the adjustment of liability component of convertible bonds and the interest expense relating to the convertible bonds.

The computation of diluted earnings per share for the three months ended 31 December 2016 and 31 March 2016 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 achieved strong financial results for the first quarter of 2017 and set many new records. Both Group bookings and billings reached new highs for the first quarter of a year. Group bookings surged 48.6% year-on-year and 29.2% quarter-to-quarter, respectively, to US\$608.4 million. Group billings amounted to US\$484.7 million representing growth of 31.4% and 6.8% against the same period last year and the preceding quarter, respectively. Book to bill ratio for the Group was 1.26 and backlog as of the end of the first quarter increased to US\$551.5 million, representing an increase of 30.2% from the end of last year. Group gross margin was at 39.9%, representing improvement of 686bps and 233bps over the same period last year and the preceding quarter, respectively. Group net profit surged 470.0% year-on-year and 92.9% quarter-on-quarter due to higher revenue, improved gross margin and a non-cash gain related to an adjustment of the liability component of convertible bonds ("CB") issued by the Group in March 2014. Excluding the non-cash gain related to the adjustment of the liability component of CB, the Group profit before taxation improved by 269.7% year-on-year.

Our strong performance was driven by the robust demand for Lead frames, CIS, LED, IC/Discrete, and SMT equipment. By application markets, the Mobility, Communication & IT and the Automotive markets were the two major contributors to the Group's strong billing and booking growth in the reporting quarter. The Group closed its first quarter on a high note with good results attained by all three business segments, namely, the Back-end Equipment, the Materials and the SMT Solutions Segments. In addition, all three business segments recorded the highest ever Q1 billings during this quarter. The bookings of these three business segments for Q1 2017 also witnessed a strong increase with year-on-year growth rates ranging from 34.6% to 63.3%. Both Back-end Equipment and SMT Solutions business segments achieved year-on-year improvement in segment results while it was flat for the Materials segment.

Group	Q1 2017	
	YoY	QoQ
Bookings	+48.6%	+29.2%
Revenue	+31.4%	+6.8%
Gross Margin	+686bps	+233bps
EBIT	+299.5%	+80.2%
Net Profit	+470.0%	+92.9%
Net Profit Margin	+1,492bps	+865bps

REVIEW – continued

Back-end Equipment Segment attained a new high in both bookings and billings in the first quarter of a year, underpinned by the continuous strong demand for CIS, IC/Discrete and LED equipment. Bookings in Q1 surged 63.3% year-on-year and 37.1% quarter-on-quarter, respectively. With the achievement of US\$257.6 million for Q1 billings, Back-end Equipment Segment grew by 56.1% year-on-year and 15.5% quarter-on-quarter, respectively. The Back-end Equipment Segment contributed 53.2% of the Group revenue. During the first quarter, gross margin of the Back-end Equipment Segment improved 673bps year-on-year and 385bps quarter-on-quarter to 46.6%. Segment profit surged 213.7% year-on-year and 46.4% quarter-on-quarter, respectively.

The Group experienced very strong bookings for the Materials Segment during the first quarter of this year. Bookings set a new quarterly record and billings achieved a new high for the first quarter of a year. Bookings for Materials Segment made an improvement of 35.4% year-on-year and 19.0% quarter-on-quarter. Revenue for the Materials Segment amounted to US\$64.1 million, representing improvement of 16.2% year-on-year and 5.8% quarter-on-quarter, respectively. Revenue of Materials Segment contributed 13.2% of the Group revenue. Segment profit declined 0.1% year-on-year and 4.9% quarter-on-quarter. Gross margin was flat compared to the preceding quarter but contracted 210bps year-on-year.

Billings for the SMT Solutions Segment during the first quarter of 2017 also attained a new record for the first quarter of a year. Bookings improved by 34.6% year-on-year and 22.4% quarter-on-quarter, respectively. The SMT Equipment revenue amounted to US\$163.0 million, representing growth of 9.6% year-on-year and contraction of 4.2% quarter-on-quarter, respectively. SMT Solutions Segment contributed 33.6% of the Group revenue for the first quarter of 2017. The gross margin of SMT Solutions Segment improved by 775bps year-on-year and 33bps quarter-on-quarter to 39.4% while the segment profit improved by 217.0% year-on-year and 11.3% quarter-on-quarter.

Q1 2017	Back-end Equipment Segment		Materials Segment		SMT Solutions Segment	
	YoY	QoQ	YoY	QoQ	YoY	QoQ
Bookings	+63.3%	+37.1%	+35.4%	+19.0%	+34.6%	+22.4%
Revenue	+56.1%	+15.5%	+16.2%	+5.8%	+9.6%	-4.2%
Gross Margin	+673bps	+385bps	-210bps	-1bp	+775bps	+33bps
Segment Profit	+213.7%	+46.4%	-0.1%	-4.9%	+217.0%	+11.3%
Segment Profit Margin	+1,241bps	+521bps	-132bps	-90bps	+882bps	+188bps

By geographical distribution, China, Europe, Korea, Malaysia and the Americas were the top five markets for ASMPT. The significant increase in sales to Korea was mainly related to CIS equipment. The Group continues to build its business based on a diversified customer base with top 5 customers collectively accounted for 22.1% of the Group's revenue in Q1 of this year. 80% of its revenue came from 109 customers.

PROSPECTS

With the strong bookings received in Q1 of this year, we expect Group billings in Q2 to achieve a strong double digit percentage growth year-on-year. We expect bookings in Q2 to remain at a similar level as Q1. As we anticipate a higher billing from all three business segments, we expect the gross margin of the Group to continue to improve during the second quarter this year.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2017.

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, 20 April 2017