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**ASM PACIFIC TECHNOLOGY LIMITED**

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

**(Stock Code: 0522)**

# ANNOUNCEMENT OF 2017 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

## ASMPT Continues Setting New Records

**First Half of 2017**

- Group revenue of US$1.05 billion, representing increases of 25.3% and 6.1% over the first six-month period of last year and over the second six-month period of last year, respectively
- Net profit of HK$1.48 billion, representing surges of 206.8% and 54.8% as compared with the first and second six-month period of the last year, 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$1.28 billion, improved by 164.9% and 33.7% as compared with the first and second six-month period of the last year, respectively
- Earnings per share of HK$3.66 for the first half of 2017
- Back-end equipment revenue of US$568.7 million, representing increases of 35.6% and 11.6% over the first and second six-month period of last year, respectively
- Record Materials revenue of US$135.9 million, representing increases of 16.3% and 9.4% over the first and second six-month period of last year, respectively
- SMT Solutions revenue of US$348.8 million, representing an increase of 14.7% over the first six-month period of last year but a contraction of 3.0% against the second six-month period of last year
- Record new order bookings of US$1.27 billion, representing increases of 30.8% and 40.0% over the first and second six-month period of last year, respectively
- Record order backlog of US$650.6 million as of 30 June 2017

**Second Quarter of 2017**

- Group revenue of US$568.6 million, representing increases of 17.6% and 20.6% over the preceding quarter and the same period last year, respectively
- Net profit of HK$750.8 million, representing an increase of 3.0% over the preceding quarter and a surge of 111.9% over the same period last year
- Excluding the non-cash gain related to the adjustment of liability component of convertible bonds amounted to HK$202.1 million in the preceding quarter, the Group's net profit improved by 42.4% over the preceding quarter
- Earnings per share of HK$1.85 for the second quarter 2017
- Record Back-end equipment revenue of US$311.1 million, representing increases of 21.1% and 22.3% over the preceding quarter and the same period last year, respectively
- Record Materials revenue of US$71.7 million, representing increases of 12.2% and 16.4% over the preceding quarter and the same period last year, respectively
- SMT Solutions revenue of US$185.8 million, representing increases of 14.3% and 19.5% over the preceding quarter and the same period last year, respectively
- Record new order bookings of US$661.0 million, representing increases of 8.6% and 17.8% over the preceding quarter and the same period last year, respectively
- Cash and bank deposits of HK$2.97 billion as of 30 June 2017

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2017:

## RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved revenue of **HK$8.19 billion** (US$1.05 billion) for the six months ended 30 June 2017, representing an increase of 25.3% as compared with HK$6.53 billion (US$841.1 million) for the first six months of 2016 and an increase of 6.1% over the preceding six months. The Group's consolidated profit after taxation for the first six months of 2017 was **HK$1.48 billion** as compared with a profit of HK$482.3 million in the corresponding period in 2016 and a profit of HK$956.1 million in the preceding six months. Basic earnings per share (EPS) for the first six months of 2017 amounted to HK$3.66 (first six months of 2016: HK$1.22, second six months of 2016: HK$2.39).

## DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$1.20 (2016: HK$0.80) per share, payable to shareholders whose names appear on the Register of Members of the Company on 16 August 2017.

The Register of Members will be closed from 14 August 2017 to 16 August 2017, both days inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant shares certificates, must be lodged with Company's Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00p.m. on 11 August 2017. The interim dividend will be paid on or about 25 August 2017.

# FINANCIAL HIGHLIGHTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | *Notes* | | | | |
| Revenue | 2 | **4,424,164** | 3,669,208 | **8,185,401** | 6,531,282 |
| Cost of sales | | **(2,609,614)** | (2,234,829) | **(4,869,583)** | (4,150,799) |
| Gross profit | | **1,814,550** | 1,434,379 | **3,315,818** | 2,380,483 |
| Other income | | **14,716** | 9,163 | **30,747** | 14,434 |
| Selling and distribution expenses | | **(356,283)** | (320,350) | **(689,345)** | (606,210) |
| General and administrative expenses | | **(232,716)** | (199,697) | **(413,585)** | (371,697) |
| Research and development expenses | | **(355,040)** | (310,565) | **(672,747)** | (576,851) |
| Adjustment of liability component of convertible bonds | 5 | **-** | - | **202,104** | - |
| Other gains and losses | 6 | **5,996** | (26,401) | **(5,989)** | (31,324) |
| Restructuring costs | 7 | **-** | (78,863) | **-** | (80,257) |
| Finance costs | 8 | **(43,769)** | (42,174) | **(83,701)** | (91,663) |
| Profit before taxation | | **847,454** | 465,492 | **1,683,302** | 636,915 |
| Income tax expense | 9 | **(96,660)** | (111,107) | **(203,329)** | (154,599) |
| Profit for the period | | **750,794** | 354,385 | **1,479,973** | 482,316 |
| | | | | | |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | **756,228** | 359,323 | **1,492,252** | 493,115 |
| Non-controlling interests | | **(5,434)** | (4,938) | **(12,279)** | (10,799) |
| | | **750,794** | 354,385 | **1,479,973** | 482,316 |
| | | | | | |
| Earnings per share | 11 | | | | |
| - Basic | | **HK$1.85** | HK$0.89 | **HK$3.66** | HK$1.22 |
| - Diluted | | **HK$1.83** | HK$0.89 | **HK$3.15** | HK$1.22 |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Profit for the period | **750,794** | 354,385 | **1,479,973** | 482,316 |
| Other comprehensive income (expense) | | | | |
| Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss | **247,858** | (107,443) | **318,612** | 30,426 |
| Total comprehensive income for the period | **998,652** | 246,942 | **1,798,585** | 512,742 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | **1,004,091** | 251,866 | **1,810,872** | 523,462 |
| Non-controlling interests | **(5,439)** | (4,924) | **(12,287)** | (10,720) |
| | **998,652** | 246,942 | **1,798,585** | 512,742 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,183,884** | 2,157,965 |
| Investment property | | **58,802** | 57,718 |
| Goodwill | | **430,768** | 428,052 |
| Intangible assets | | **564,290** | 571,528 |
| Prepaid lease payments | | **20,754** | 20,461 |
| Deposits paid for acquisition of property, plant and equipment | | **42,436** | 32,198 |
| Rental deposits paid | | **42,873** | 44,506 |
| Deferred tax assets | | **350,131** | 307,015 |
| Other non-current assets | | **115,853** | 101,633 |
| | | **3,809,791** | 3,721,076 |
| **Current assets** | | | |
| Inventories | | **5,306,444** | 4,254,541 |
| Trade and other receivables | 12 | **5,335,529** | 4,421,318 |
| Prepaid lease payments | | **812** | 780 |
| Derivative financial instruments | | **33,770** | 1,113 |
| Income tax recoverable | | **39,720** | 29,830 |
| Bank deposits with original maturity of more than three months | | **572,606** | 1,071,408 |
| Bank balances and cash | | **2,398,051** | 2,138,886 |
| | | **13,686,932** | 11,917,876 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **3,833,703** | 3,265,973 |
| Derivative financial instruments | | **-** | 24,664 |
| Provisions | | **229,792** | 272,513 |
| Income tax payable | | **399,240** | 332,734 |
| Convertible bonds | 14 | **-** | 2,224,895 |
| Bank borrowings | | **182,112** | 116,334 |
| | | **4,644,847** | 6,237,113 |
| **Net current assets** | | **9,042,085** | 5,680,763 |
| | | **12,851,876** | 9,401,839 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## - continued

| | Notes | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | | **40,824** | 40,824 |
| Dividend reserve | | **489,892** | 449,068 |
| Other reserves | | **9,921,649** | 8,532,315 |
| Equity attributable to owners of the Company | | **10,452,365** | 9,022,207 |
| Non-controlling interests | | **7,339** | 4,056 |
| **Total equity** | | **10,459,704** | 9,026,263 |
| | | | |
| **Non-current liabilities** | | | |
| Convertible bonds | 14 | **2,072,576** | - |
| Retirement benefit obligations | | **163,745** | 161,249 |
| Provisions | | **41,031** | 46,349 |
| Bank borrowings | | **26,016** | 77,556 |
| Deferred tax liabilities | | **52,679** | 55,725 |
| Other liabilities and accruals | | **36,125** | 34,697 |
| | | **2,392,172** | 375,576 |
| | | **12,851,876** | 9,401,839 |

*Notes:*

## 1. Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016. In addition, the Group has applied the following accounting policy for changes in the Group's ownership interests in existing subsidiary during the current interim period.

<u>Changes in the Group's ownership interests in existing subsidiary</u>

Changes in the Group's ownership interests in existing subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

In the current interim period, the Group has applied, for the first time, a number of new amendments to Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants.

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

## 2. Segment information

The Group has three (2016: 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 the Company's Chief Executive Officer, the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the three (2016: three) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

***Segment revenue and results***

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| **Segment revenue from external customers** | | |
| Back-end equipment | **4,419,598** | 3,260,152 |
| SMT solutions | **2,710,245** | 2,363,525 |
| Materials | **1,055,558** | 907,605 |
| | **8,185,401** | 6,531,282 |
| **Segment profit** | | |
| Back-end equipment | **1,150,437** | 603,556 |
| SMT solutions | **399,476** | 199,111 |
| Materials | **74,587** | 90,079 |
| | **1,624,500** | 892,746 |
| Interest income | **15,921** | 10,167 |
| Adjustment of liability component of convertible bonds | **202,104** | - |
| Finance costs | **(83,701)** | (91,663) |
| Unallocated other income | **351** | 126 |
| Unallocated net foreign exchange loss | **(8,468)** | (34,725) |
| Unallocated general and administrative expenses | **(67,405)** | (59,479) |
| Restructuring costs | **-** | (80,257) |
| Profit before taxation | **1,683,302** | 636,915 |
| **Segment profit %** | | |
| Back-end equipment | **26.0%** | 18.5% |
| SMT solutions | **14.7%** | 8.4% |
| Materials | **7.1%** | 9.9% |

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

## 2. Segment information – continued

***Segment revenue and results*** ***- continued***

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

***Geographical analysis of revenue by location of customers***

| | Revenue from external customers Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Mainland China | **3,627,558** | 2,900,279 |
| Europe | **1,158,669** | 1,086,963 |
| - Germany | **352,485** | 361,278 |
| - Romania | **129,384** | 64,498 |
| - Hungary | **124,621** | 113,419 |
| - France | **75,812** | 89,440 |
| - Austria | **22,613** | 32,575 |
| - Others | **453,754** | 425,753 |
| Malaysia | **613,585** | 439,233 |
| Taiwan | **517,592** | 266,154 |
| Americas | **487,341** | 506,216 |
| - United States of America | **286,433** | 316,379 |
| - Mexico | **83,148** | 100,001 |
| - Canada | **68,391** | 62,766 |
| - Others | **49,369** | 27,070 |
| Hong Kong | **451,524** | 582,059 |
| Korea | **376,870** | 129,392 |
| Thailand | **371,050** | 198,736 |
| Philippines | **288,679** | 137,274 |
| Singapore | **111,861** | 53,029 |
| Japan | **57,030** | 167,760 |
| Others | **123,642** | 64,187 |
| | **8,185,401** | 6,531,282 |

## 3. Analysis of quarterly segment revenue and results for the three months ended 30 June 2017

| | Three months ended | | |
|---|---|---|---|
| | **30 June 2017** | 31 March 2017 | 30 June 2016 |
| | **(Unaudited)** | (Unaudited) | (Unaudited) |
| | **HK$'000** | HK$'000 | HK$'000 |
| **Segment revenue from external customers** | | | |
| Back-end equipment | **2,420,261** | 1,999,337 | 1,979,729 |
| SMT solutions | **1,445,722** | 1,264,523 | 1,209,915 |
| Materials | **558,181** | 497,377 | 479,564 |
| | **4,424,164** | 3,761,237 | 3,669,208 |
| **Segment profit** | | | |
| Back-end equipment | **656,521** | 493,916 | 446,096 |
| SMT solutions | **229,048** | 170,428 | 145,355 |
| Materials | **34,586** | 40,001 | 50,025 |
| | **920,155** | 704,345 | 641,476 |
| Interest income | **7,340** | 8,581 | 6,309 |
| Adjustment of liability component of convertible bonds | **-** | 202,104 | - |
| Finance costs | **(43,769)** | (39,932) | (42,174) |
| Unallocated other income | **351** | - | 126 |
| Unallocated net foreign exchange gain (loss) | **5,939** | (14,407) | (27,000) |
| Unallocated general and administrative expenses | **(42,562)** | (24,843) | (34,382) |
| Restructuring costs | **-** | - | (78,863) |
| Profit before taxation | **847,454** | 835,848 | 465,492 |
| **Segment profit %** | | | |
| Back-end equipment | **27.1%** | 24.7% | 22.5% |
| SMT solutions | **15.8%** | 13.5% | 12.0% |
| Materials | **6.2%** | 8.0% | 10.4% |

## 4. Depreciation and amortization

During the period, depreciation and amortization amounting to HK$204.6 million (HK$201.2 million for the six months ended 30 June 2016), HK$0.7 million (HK$0.7 million for the six months ended 30 June 2016) and HK$22.5 million (HK$20.5 million for the six months ended 30 June 2016) were charged to profit or loss in respect of the Group's property, plant and equipment, investment property and intangible assets, respectively.

## 5. 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.

## 6. Other gains and losses

During the period, included in other gains and losses are mainly net foreign exchange loss of HK$8.5 million (net foreign exchange loss of HK$34.7 million for the six months ended 30 June 2016).

## 7. Restructuring costs

During the period ended 30 June 2016, included in restructuring costs were mainly plant relocation costs for moving manufacturing facilities located at Yantian, Shenzhen, China to Longgang, Shenzhen, China. Due to the local authorities' redevelopment plans, part of the operation of a subsidiary of the Company, Shenzhen ASM Micro Electronic Technology Co., Ltd., was required to move out of its premises located in Yantian. The relocation has been completed during the period ended 30 June 2017. In connection with this plant relocation, the Group recorded HK$75,012,000 restructuring costs for the period ended 30 June 2016, which primarily related to estimated severance payments of HK$47,450,000 and incentive payments and other compensation of HK$23,500,000 to employees for relocation to new premises of the Group.

## 8. Finance costs

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Interest on bank borrowings | **2,516** | 1,923 |
| Interest on convertible bonds (Note 14) | **72,100** | 75,884 |
| Interest on discounted bills without recourse | **8,685** | 12,034 |
| Others | **400** | 1,822 |
| | **83,701** | 91,663 |

## 9. Income tax expense

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| The charge (credit) comprises: | | |
| Current tax: | | |
| Hong Kong | **28,899** | 23,069 |
| PRC Enterprise Income Tax | **66,932** | 60,509 |
| Other jurisdictions | **142,955** | 101,342 |
| | **238,786** | 184,920 |
| Deferred tax credit | **(35,457)** | (30,321) |
| | **203,329** | 154,599 |

Current tax:

(a) Hong Kong Profits Tax is calculated at 16.5% (16.5% for the six months ended 30 June 2016) of the estimated assessable profit for the period.

(b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2017 (25% for the six months ended 30 June 2016), 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.

On the same date, EDB also granted ATS an International Headquarters Award to the effect that certain income arising from qualifying activities conducted by ATS, excluding income from business transactions with companies or end customers in Singapore, are subject to a concessionary tax rate of 5% for a period of 10 years from 1 January 2011, subject to fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the abovementioned incentives is taxed at the prevailing corporate tax rate in Singapore of 17% (17% for the six months ended 30 June 2016).

## 9. 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% (15.00% for the six months ended 30 June 2016) plus 5.50% (5.50% for the six months ended 30 June 2016) solidarity surcharge thereon for the assessable profit for the period. In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rates for the Group's subsidiaries in Germany vary from 12.495% to 17.015% (12.495% to 17.015% for the six months ended 30 June 2016) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 28.320% and 32.840% (28.320% to 32.840% for the six months ended 30 June 2016).

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

The deferred tax credit is mainly related to the tax effect of temporary difference between the tax base of certain assets and liabilities and the carrying value of the assets and liabilities. The balance mainly includes deductible temporary differences arising from retirement benefit obligations, provisions, inventories and trade receivables.

The Group continued to receive letters from the Hong Kong Inland Revenue Department ("HKIRD") during the six months ended 30 June 2017 seeking information relating to Hong Kong Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to significant additional tax being charged on profits from some overseas subsidiaries in respect of source of income that have not previously been included in the scope of charge for Hong Kong Profits Tax or significant tax adjustments to companies currently subject to Hong Kong Profits Tax. As at 30 June 2017, the Group purchased tax reserve certificates amounting to HK$371.1 million (31 December 2016: HK$370.0 million), as disclosed in Note 12.

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

## 10. Dividends

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Dividend recognized as distribution during the period | | |
| Final dividend for 2016 paid of HK$1.10 (2016: final dividend for 2015 paid of HK$0.40) per share on 408,243,733 (2016: 404,529,500) shares | **449,068** | 161,812 |
| Dividend declared after the end of the interim reporting period | | |
| Interim dividend for 2017 of HK$1.20 (2016: HK$0.80) per share on 408,243,733 (2016: 406,104,633) shares | **489,892** | 324,884 |

The dividends declared after 30 June 2017 will be paid to the shareholders of the Company whose names appear on the Register of Members on 16 August 2017.

## 11. Earnings per share

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

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Earnings for the purposes of calculating basic earnings per share (Profit for the period attributable to owners of the Company) | **1,492,252** | 493,115 |
| Less: Adjustment of liability component of convertible bonds (Note) | **(202,104)** | - |
| Add: Interest expense on convertible bonds (Note) | **72,100** | - |
| Earnings for the purpose of calculating diluted earnings per share | **1,362,248** | 493,115 |

| | Number of Shares (in thousands) | |
|---|---|---|
| | **2017** | 2016 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **408,060** | 404,712 |
| Effect of dilutive potential shares: | | |
| - Employee Share Incentive Scheme | **748** | 468 |
| - Convertible bonds (Note) | **23,627** | - |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | **432,435** | 405,180 |

Note: In the calculation of the diluted earnings per share for the six months ended 30 June 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 six months ended 30 June 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.

## 12. Trade and other receivables

| | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|
| Trade receivables (Note a) | **4,374,161** | 3,540,968 |
| Amount recoverable from Siemens AG (Note b) | **23,720** | 21,788 |
| Value added tax recoverable | **400,920** | 313,510 |
| Tax reserve certificate recoverable | **371,113** | 370,049 |
| Other receivables, deposits and prepayments | **208,488** | 219,509 |
| | **5,378,402** | 4,465,824 |
| Less : Non-current rental deposits paid shown under non-current assets | **(42,873)** | (44,506) |
| | **5,335,529** | 4,421,318 |

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 the reporting period:

| | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|
| Not yet due | **3,209,554** | 2,749,780 |
| Overdue within 30 days | **481,445** | 348,160 |
| Overdue within 31 to 60 days | **184,612** | 153,323 |
| Overdue within 61 to 90 days | **160,271** | 125,749 |
| Overdue over 90 days | **338,279** | 163,956 |
| | **4,374,161** | 3,540,968 |

## 12. Trade and other receivables – continued

Notes:

(a) The amount included notes receivables amounting to HK$502,152,000 (31 December 2016: HK$410,358,000).

(b) Pursuant to the Master Sale and Purchase Agreement of the acquisition entered into between Siemens Aktiengesellschaft ("Siemens AG") and the Company, Siemens AG undertakes to pay to the Group such amount as is necessary to indemnify 13 former direct and indirect subsidiaries of Siemens AG ("ASM AS Entities") from and against any and all taxes imposed to ASM AS Entities relating to any taxable periods beginning before and ending before or after 7 January 2011 while Siemens AG was the beneficial owner. The amount recoverable from Siemens AG represents the aggregate amount of the tax liabilities of ASM AS Entities covered under the tax indemnity and is therefore recoverable from Siemens AG. It is due for settlement once the Group pays the related taxes and received the tax demand notes from tax authorities. The balance is expected to be settled in 2017.

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.

## 13. Trade and other payables

| | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|
| Trade payables | **1,859,192** | 1,686,043 |
| Deferred revenue | **126,220** | 134,534 |
| Accrued salaries and wages | **244,996** | 235,958 |
| Other accrued charges | **632,915** | 510,353 |
| Deposits received from customers | **567,140** | 282,380 |
| Accrual for tax-related expense (Note) | **168,400** | 168,400 |
| Payables arising from acquisition of property, plant and equipment | **108,021** | 111,092 |
| Other payables | **162,944** | 171,910 |
| | **3,869,828** | 3,300,670 |
| Less : Non-current other liabilities and accruals | **(36,125)** | (34,697) |
| | **3,833,703** | 3,265,973 |

Note: As detailed in note 9, the Group continued to receive letters from the HKIRD during the period ended 30 June 2017 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 accrual has been provided accordingly.

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

| | At 30 June 2017 (Unaudited) HK$'000 | At 31 December 2016 (Audited) HK$'000 |
|---|---|---|
| Not yet due | **1,280,490** | 1,192,941 |
| Overdue within 30 days | **297,413** | 274,202 |
| Overdue within 31 to 60 days | **173,743** | 123,046 |
| Overdue within 61 to 90 days | **75,402** | 57,856 |
| Overdue over 90 days | **32,144** | 37,998 |
| | **1,859,192** | 1,686,043 |

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

## 14. 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$2.10 per share made by the Company to the shareholders for the year ended 31 December 2014. The conversion price was further adjusted to HK$95.23 per share with effect from 18 May 2016 as a result of aggregate distributions of HK$1.40 per share made by the Company to the shareholders for the year ended 31 December 2015. Details of the adjustments to conversion price of the convertible bonds were set out in the Company's announcements dated 13 May 2015 and 11 May 2016.

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 was 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 would, at the option of the bond holder, redeem all or some of that convertible bonds on 28 March 2017 (the "Put Option Date") at their principal amount together with interest accrued to such date but unpaid. To exercise such Put Option, the bond holder should serve notice of redemption to the Company not earlier than 60 days and not later than 30 days prior to the Put Option Date. As the Company did not have an unconditional right to defer settlement of the convertible bonds in more than twelve months from the end of December 2016, the entire balance of liability component of the convertible bonds was classified as current liabilities as at 31 December 2016. The Company did not receive any notice of redemption up to the end of February 2017 and the Put Option has lapsed accordingly. Therefore, the convertible bonds due 2019 were reclassified to non-current liabilities as at 30 June 2017. Upon lapse of the Put Option, the carrying value of the liability component of the convertible bonds is adjusted to reflect the revised estimated cash flows (details set out in Note 5).

14. **Convertible bonds - continued**

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.

On 20 May 2016, convertible bonds with principal amount of HK$150,000,000 were converted into the Company's shares at the prevailing adjusted conversion price of HK$95.23 per share. As a result, a total number of 1,575,133 shares of the Company were issued and credited as fully paid and the relevant portion of convertible bonds equity reserve of HK$16,683,000 was transferred to share premium during the six months ended 30 June 2016.

None of the convertible bonds was redeemed or converted during the six months ended 30 June 2017.

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

| | Liability component | Equity component | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| At 1 January 2016 (audited) | 2,277,465 | 266,932 | 2,544,397 |
| Conversion of convertible bonds | (144,537) | (16,683) | (161,220) |
| Interest charge during the year | 150,364 | - | 150,364 |
| Interest paid | (46,500) | - | (46,500) |
| At 31 December 2016 and 1 January 2017 (audited) | **2,236,792** | **250,249** | **2,487,041** |
| Adjustment of liability component of convertible bonds (Note 5) | **(202,104)** | **-** | **(202,104)** |
| Interest charge during the period (Note 8) | **72,100** | **-** | **72,100** |
| Interest paid | **(22,500)** | **-** | **(22,500)** |
| At 30 June 2017 (unaudited) | **2,084,288** | **250,249** | **2,334,537** |

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

| | **At 30 June 2017 (Unaudited)** | At 31 December 2016 (Audited) |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current liabilities | | |
| Interest payable on convertible bonds (included in trade and other payables) | **11,712** | 11,897 |
| Convertible bonds | **-** | 2,224,895 |
| Non-current liabilities | | |
| Convertible bonds | **2,072,576** | - |
| | **2,084,288** | 2,236,792 |

## REVIEW

The Group achieved solid performance and set many new records during the first half of 2017 primarily due to strong orders for CMOS Imaging Sensors (CIS), IC/Discrete, Advanced Packaging and SMT Equipment. Bookings of both the Group and the SMT Solutions Segment attained new records during the second quarter and the first half of this year. The Materials Segment achieved a new record in both its billings and bookings during the first half of this year. Both the Back-end Equipment Segment and the Materials Segment set new record in billings in Q2 this year.

Group revenue for the first six months of this year amounted to US$1.05 billion representing year-on-year growth of 25.3%. Group bookings for the first six months attained a new six months record of US$1.27 billion, representing a surge of 30.8% year-on-year.

During the first half of this year, the Back-end Equipment Segment took the lead as its revenue and bookings rose 35.6% and 32.2% year-on-year, respectively. Billings of the Materials Segment grew 16.3% year-on-year while its bookings surged by 31.8% year-on-year. Bookings for SMT Solutions Segment attained an all-time high during the first six months, underpinned by the new investment cycle for smartphones production. Bookings of SMT Solutions Segment increased 28.4% year-on-year while billings increased 14.7% year-on-year to US$348.8 million.

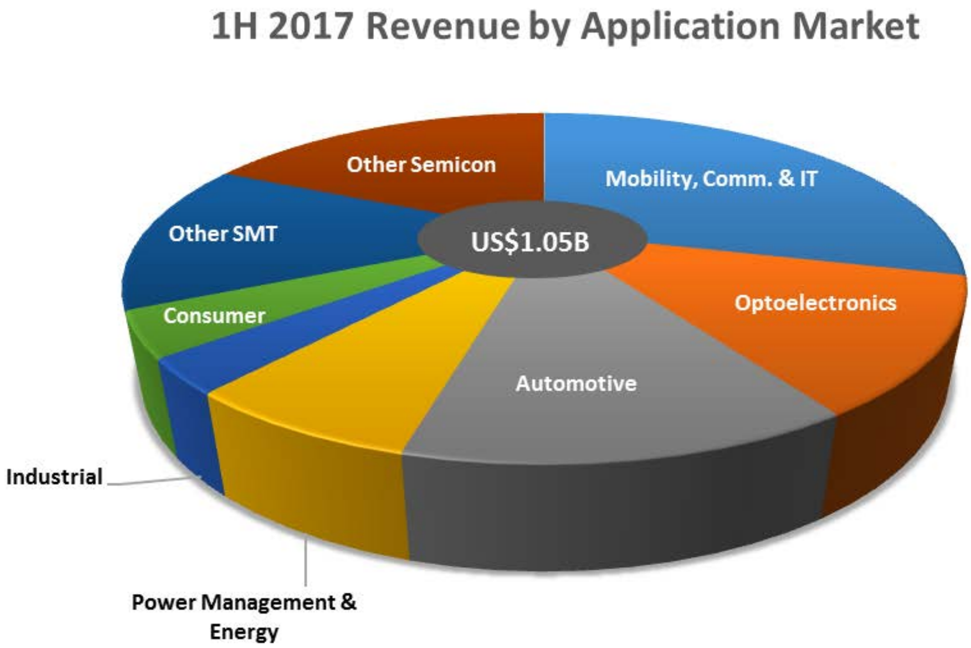
Profitability of the Group has continued to improve. The Group achieved gross margin of 41.0% and 40.5% for the second quarter and the first half of this year, respectively. During the second quarter this year, the Group's Back-end Equipment Segment achieved gross margin of 48.0%. Net profits of the Group during the first half of this year made an improvement of 206.8% compared with the same period of last year. The strong performance was a result of several contributing factors including increased production volume, on-going cost reduction efforts and favorable product mix.

| Group | Vs. 1H 2016 | Vs. 2H 2016 |
|---|---|---|
| | YoY | HoH |
| Bookings | +30.8% | +40.0% |
| Revenue | +25.3% | +6.1% |
| Gross Margin | +406bps | +194bps |
| Net Profit | +164.9% * | +33.7% * |
| Net Profit Margin | +823bps * | +322bps * |

* Excluding the non-cash gain related to the adjustment of liability component of convertible bonds amounted to HK$202.1 million for the first half of 2017

By application market, Mobility, Communication & IT was the most important driver for the Group's performance in the first half this year. Its contribution to the Group's billings had further gone up to a high 20%. It was followed by the Automotive and the Power Management & Energy markets. Contribution from the Opto market had come down. The Automotive market had surpassed the Opto market slightly to become the second largest application market for the Group. However, we expect contribution from the Opto market to pick up in the second half of this year.

## REVIEW – continued




Group bookings for the second quarter of this year grew 17.8% year-on-year to US$661.0 million. This new quarterly record attained was slightly ahead of what the Group had anticipated at the beginning of the quarter. In particularly, bookings for the Materials Segment experienced a strong year-on-year growth of 27.8% while the SMT Solutions Segment's bookings set a new record with 24.1% year-on-year growth. Group billings for the second quarter of 2017 increased 20.6% year-on-year to US$568.6 million. Due to some late order entries and requests for postponement of delivery schedules by some customers, Group billings in Q2 fell slightly short of what the Group had anticipated during the beginning of the quarter. The delays came mainly from customers who were in the supply chain of smartphones. However, the Group is confident that the deliveries will materialize during the second half of this year. Both the Back-end Equipment and Materials segments achieved new quarterly billing records during the second quarter of this year.

During the first half of this year; our three core businesses, namely, the Back-end Equipment Segment, the Materials Segment and the SMT Solutions Segment contributed 54.0%, 12.9% and 33.1% respectively to the Group billings. By geographical distribution, China inclusive of Hong Kong (49.8%), Europe (14.2%), Malaysia (7.5%), Taiwan (6.3%) and Americas (6.0%) are the top five markets for ASMPT in the first half of this year. Comparing with the same period last year, we experienced very strong growth from Korea, Taiwan and the South East Asia markets. The successful execution of our aggressive diversified market strategy saw our top five customers collectively accounted for 16.1% of our total sales during the first half of 2017, with no single customer exceeding 10%. 80% of the Group's turnover in the first six-month period came from 124 customers. Among the top 20 customers of the Group, 7 were from SMT Solutions business.

The book-to-bill ratio of the Group for the first six months was 1.21. Group backlog as of the end of June this year rose to US$650.6 million, an increase of 18.0% from the end of the first quarter this year.

## REVIEW – continued

| Group | Q2 2017 | |
|---|---|---|
| | YoY | QoQ |
| Bookings | +17.8% | +8.6% |
| Revenue | +20.6% | +17.6% |
| Gross Margin | +192bps | +110bps |
| Net Profit | +111.9% | +42.4% * |
| Net Profit Margin | +731bps | +296bps * |

* Excluding the non-cash gain related to the adjustment of liability component of convertible bonds amounted to HK$202.1 million in Q1 2017

Over the past few years, the Group started to implement a number of strategic changes:

- Shifted from purely internal organic growth to pursuing both internal organic growth and strategic merger & acquisitions;
- Re-organized the Group into three core business segments with full profit & loss accountability;
- Shifted from 100% internal vertically integrated manufacturing model to both internal and external manufacturing and flexible production work force to cope with volatile market demand;
- Recognizing the Group's competitive strengths have extended from manufacturing cost effectiveness to the Group's breadth and depth of enabling technologies and strong marketing network in Asia;
- Focusing on innovation to create higher values for customers;
- Engaging leading customers in the development of new cutting-edge solutions for the markets;
- Pursuing robotics and smart manufacturing to enhance productivity.

The Group is pleased that these changes are bearing fruit. All three of our core business segments are making solid progresses and have broken new records during the first half of this year. We expect some of them to continue breaking new records during the second half of this year. Our multiple product growth drivers are firmly in place now. They will not only enable the Group to achieve multiple new records in 2017 but to continuously bring the Group to new heights going forward.

**Back-end Equipment Segment**

Back-end Equipment Segment attained a new quarterly billing record during the second quarter this year.

During Q2 of this year, billings of Back-end Equipment amounted to US$311.1 million, which represented increases of 22.3% over the same period a year ago. During the second quarter of this year, the Back-end Equipment segment contribution to the Group billings was 54.7%. Back-end Equipment Segment billings during the first six months of this year was US$568.7 million, representing improvements of 35.6% against the same period a year ago.

New order bookings for Back-end Equipment in Q2 of this year increased 11.2% year-on-year. For the first six months, Back-end Equipment bookings rose 32.2% when compared with the same period a year ago. During the first half of this year, the Group experienced strong demand for CIS, IC/Discrete and Advanced Packaging Equipment while demand for Opto Equipment experienced a small contraction as compared with the same period of last year.

## REVIEW – continued

CIS equipment has become the leading growth driver for the Group's Back-end equipment business as the Group holds a strong market position in this application market. The proliferation of dual camera in smartphones has fueled the increase in demand for both the CIS assembly equipment and the active alignment ("AA") machines. As a result, the Group's CIS Equipment business rose by more than 100% during the first six months of this year when compared with the same period of last year. It has surpassed the Opto equipment to become the second largest pillar of the Group's Back-end Equipment Segment. At the same time, the Group has started shipping equipment for assembly of 3D sensing modules, a technology which is expected to enhance consumers' photography experience and one of the enablers for Augmented Reality ("AR") applications.

Our investment in developing a product portfolio for the Advanced Packaging market continues to bear fruit. The Group has successfully developed an extensive product portfolio, which includes AD8312FC for high speed flip chip bonding; the Phoenix and the FireBird Thermo-Compression Bonder ("TCB") for high IO and high accuracy flip chip bonding; the Nucleus and the SIPLACE CA for pick and place for wafer/panel level fan-out ("WLFO"/"PLFO"); the ALSI Laser Dicing System for wafer grooving and package singulation; the ORCAS for wafer-level encapsulation, and the DEK printer and the Sunbird for pick, test, inspect and pack. This unparalleled product portfolio has expanded ASMPT's Served Available Market ("SAM") and helped the Group to strategically position itself to capture the future growth opportunities.

During the first half of this year, the Group's revenue from high speed flip chip bonder experienced very strong growth as compared with the same period last year. The new generation TCB bonder, the FireBird, has drawn good attention from various customers and volume shipment is expected to commence from the second half of this year. The Group has also started shipping its Nucleus series pick and place machines for WLFO & PLFO application. The total revenue contribution from the Advanced Packaging market is still relatively small for the Group; however, we believe the Group is moving on the right track.

The Group continues to expand its product portfolio of the Back-end Equipment segment in order to offer customers higher value-add, for instance, AOI, an automatic optical inspection machine is just one example. During the first six months, revenues from our AOI business surged 9.8 times when compared with the small volume of revenue generated during the same period last year. Today, the Group's AOI business focuses mainly to serve the CIS and the Automotive markets.

The Back-end Equipment segment achieved gross margin of 48.0% and 47.4% during Q2 and the first half this year, respectively. This represents year-on-year improvement of 388bps and 492bps. Segment result margin for the first half of this year improved from 18.5% a year ago to 26.0%. The strong improvement in gross margin was mainly due to product mix and volume effect. The strategic changes that the Group introduced in the past few years are bearing fruit.

### Materials Segment

Our Materials Segment made new billing records in quarter two as well as new billing and booking records during the first half of this year.

## REVIEW – continued

In Q2, Materials Segment billings amounted to US$71.7 million, representing an improvement of 16.4% year-on-year. Materials Segment billings for the six months period amounted to US$135.9 million, representing improvement of 16.3% against the same period a year ago. Materials Segment contributed 12.6% to the Group billings during the second quarter of this year. For the first six months, Materials Segment booking increased by 31.8% as compared with the same period a year ago.

During the second quarter, new bookings for Materials Segment grew by 27.8% year-on-year but fell by 14.9% quarter-on-quarter. This contraction is expected due to the extraordinary strong booking experienced in Q1 this year. Despite the slight contraction, the Group in general is satisfied with the strong year-on-year growth in bookings for Q2 as well as the first six months this year. The Materials Segment achieved gross margin of 12.9% and 13.6% during Q2 and the first half this year, respectively.

### SMT Solutions Segment

New booking records were achieved for the SMT Solutions Segment in both Q2 and the first half of this year. The SMT Solutions Segment benefited from the new investment cycle of production of new generation smartphones. The Group had won a major order from one of its customers. Part of the order had been booked in Q2 while the remaining was expected to be booked in the second half of this year. Most of the billings for this order will be reflected in the results of the second half of this year.

In the second quarter, SMT Solutions Segment billings were US$185.8 million, representing an improvement of 19.5% as compared with the same period a year ago. The SMT Solutions Segment contributed 32.7% to the Group billings during the second quarter of this year. During the six-month period, SMT Solutions Segment billings amounted to US$348.8 million, representing an increase of 14.7% against the first half of last year.

New order bookings for SMT Solutions Segment for the six-month period improved by 28.4% as compared with the same period last year. In Q2, new order bookings rose 24.1% against the same period a year ago. The SMT Solutions Segment achieved gross margin of 40.1% and 39.8% during Q2 and the first half of this year, respectively.

| Q2 2017 | Back-end Equipment Segment | | Materials Segment | | SMT Solutions Segment | |
|---|---|---|---|---|---|---|
| | YoY | QoQ | YoY | QoQ | YoY | QoQ |
| Bookings | +11.2% | +0.6% | +27.8% | -14.9% | +24.1% | +32.6% |
| Revenue | +22.3% | +21.1% | +16.4% | +12.2% | +19.5% | +14.3% |
| Gross Margin | +388bps | +143bps | -359bps | -134bps | +34bps | +69bps |
| Segment Profit | +47.2% | +32.9% | -30.9% | -13.5% | +57.6% | +34.4% |
| Segment Profit Margin | +459bps | +242bps | -424bps | -185bps | +383bps | +237bps |

| 1H 2017 | Back-end Equipment Segment | | Materials Segment | | SMT Solutions Segment | |
|---|---|---|---|---|---|---|
| | YoY | HoH | YoY | HoH | YoY | HoH |
| Bookings | +32.2% | +46.6% | +31.8% | +18.2% | +28.4% | +40.3% |
| Revenue | +35.6% | +11.6% | +16.3% | +9.4% | +14.7% | -3.0% |
| Gross Margin | +492bps | +321bps | -289bps | -71bps | +398bps | +77bps |
| Segment Profit | +90.6% | +30.2% | -17.2% | -7.2% | +100.6% | +5.3% |
| Segment Profit Margin | +752bps | +371bps | -286bps | -126bps | +632bps | +116bps |

## RESEARCH AND DEVELOPMENT

During the past six months, ASMPT has been relentlessly investing in research and development in order to remain at the forefront of technological innovations.

Our strategy lies in our ability to deliver the best innovative products with differentiated values to our customers. We adopted the long standing policy of investing up to 10% of our annual equipment revenue in R&D irrespective of short-term sales fluctuations. Customers have benefited from ASMPT's depth and breadth of enabling technologies, strong financial resources and excellent infrastructure support.

Research and development expenses year to date were HK$672.7 million and the Group has obtained more than 1,000 patents on leading-edge technologies. As of 30 June 2017, the Group operates six research and development centers in Hong Kong, Chengdu (China), Singapore, Munich (Germany), Weymouth (United Kingdom) and Beuningen (The Netherlands), hiring more than 1,700 R&D employees.

## LIQUIDITY AND FINANCIAL RESOURCES

Return on sales was 18.9% for the six-month period of this year. Annualized return on capital employed and on invested capital for the past six months were 27.8% and 36.7% respectively.

Our ending inventory as of 30 June 2017 rose to HK$5.31 billion, as compared with HK$4.25 billion as of 31 December 2016, mainly due to an increase in sales level. Our annualized inventory turn was 3.42 times (first half of 2016: 3.39 times).

Days sales-outstanding increased to 96.7 days from 84.4 days in the second half of 2016. Capital expenditure in the first six months was HK$202.7 million, which was fully funded by depreciation and amortization of HK$229.7 million for the same period. After paying last year's final dividend totaling HK$449.1 million in May, funding capital investment and paying off some bank loans in the first half of 2017, cash and bank deposits as of 30 June 2017 were HK$2.97 billion, which was HK$239.6 million lower than the preceding six months. Our current ratio stands at 2.95 and we have a debt-equity ratio of 21.9% (debt represents all bank borrowings and convertible bonds).

Bank borrowings, which are mainly arranged to support day-to-day operations and to finance our growth activities, are denominated in U.S. dollars. The Group used the net proceeds of the convertible bonds, which were denominated in Hong Kong Dollars, raised in year 2014 with an annual coupon of 2.00%, and due in 2019, to fund the acquisition of the DEK business and other working capital requirements. Cash holdings of the Group are mainly in U.S dollars, Euros, Chinese Renminbi and Hong Kong Dollars. The Group's SMT Solutions Segment enters into U.S dollars and Euro hedging contracts to mitigate the foreign currency risks as a significant portion of the production of the Group's SMT Equipment and its suppliers are located in Europe while a substantial part of the Group's revenue for SMT Solutions Segment is denominated in U.S Dollars.

The Group has decided to adopt a sustainable and gradually increasing dividend policy. After considering the near to mid-term cash flow need of the Group, the Board recommends interim dividend of HK$1.20 per share.

## HUMAN RESOURCE

As of 30 June 2017, the total headcount for the Group globally was approximately 16,800 employees which include 2,300 temporary, short-term contract and outsourced employees. Our employees, being our greatest assets, formed the bedrock of the Group and it is important to nurture and retain the right talents through various schemes and motivations to help our employees build and strengthen their competencies. Besides offering competitive remuneration packages and other benefits such as contribution to provident fund schemes and medical benefits, the Group is committed to providing regular and extensive training programs so as to equip our employees to be future-ready. Discretionary bonus and incentives shares were also granted to eligible staffs based on the Group's financial results and individual performance.

The total human resource costs of the Group for the first six months of 2017 were HK$2.18 billion, as compared with HK$1.91 billion during the same period of 2016. This year, the Board granted a total of 3,363,300 incentives shares to around 1,400 employees, inclusive of the three Executive Directors of the Company. The vesting period of these incentives shares will end on 15 December 2017, 14 December 2018 and 16 December 2019 respectively.

## PROSPECTS

So far, the market has been developing on track with our expectation. The Group is particularly encouraged by the current strong booking momentum of leadframes, which have been serving as a leading indicator of the market condition. After two quarters of strong bookings, we expect bookings for the Back-end Equipment and Materials Segments to start to slow down from the third quarter of the year in line with seasonality. However, we believe SMT Solutions Segment bookings in Q3 could improve by up to a low double digit percentage over Q2 subject to the timing of smartphone orders for SMT equipment. Based on the current strong backlog level, we expect Group billings in Q3 this year will either be at a similar level as Q2 or to grow by a single digit percentage quarter-on-quarter.

Billings for the SMT Solutions Segment are anticipated to show strong growth quarter-on-quarter, while billings for the Back-end Equipment and the Materials Segments may stay flat or contract slightly as compared with Q2 this year. Gross margin of the Group is expected to be at a similar level of Q2.

Assuming that macro-economic condition is not going to have a sudden negative impact on ASMPT's business during the second half of this year, we believe the Group stands a very good chance to attain new records in full year billings and bookings in 2017.

## CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2017.

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

## AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors and one Non-Executive Director who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

## REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 in conjunction with the Company's external auditor.

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

During the six months ended 30 June 2017, 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 Stock Exchange of Hong Kong Limited a total of 323,000 shares in the Company. The cost of purchase of these shares is about HK$34.1 million.

## 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 and Mr. Eric Tang Koon Hung 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. Stanley Tsui Ching Man and Mr. Robin Gerard Ng Cher Tat as Executive Directors.

On behalf of the Board
**Lee Wai Kwong**
Director

Hong Kong, 25 July 2017