ASMPT enabling the digital world

ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

Announcement Of 2023 Audited Results For The Year Ended 31 December 2023

Solid Performance for Advanced Packaging

Group Financial Highlights for Q4 2023

- Revenue of HK$3.40 billion (US$435.4 million), -21.4% YoY and -2.0% QoQ
- Bookings of HK$2.74 billion (US$349.8 million), -12.2% YoY and -7.6% QoQ
- Gross margin of 42.3%, +87 bps YoY and +812 bps QoQ
- Operating margin of 5.5%, -825 bps YoY and +356 bps QoQ
- Net profit of HK$75.7 million, -71.6% YoY and +493.4% QoQ
- Basic earnings per share of HK$0.18, -72.3% YoY and +350.0% QoQ

Group Financial Highlights for FY 2023

- Revenue of HK$14.70 billion (US$1.88 billion), -24.1% YoY
- Bookings of HK$12.26 billion (US$1.57 billion), -33.5% YoY
- Gross margin of 39.3%, -186 bps YoY
- Operating margin of 7.5%, -920 bps YoY
- Net profit of HK$711.5 million, -72.8% YoY
- Basic earnings per share of HK$1.73, -72.8% YoY
- Order backlog of HK$6.61 billion (US$846.1 million) as of 31 December 2023
- Full Year 2023 dividend per share (including special dividend) of HK$1.39

Non-HKFRS Measures[1]

- Adjusted Net profit of HK$745 million for FY 2023 (-71.5% YoY), and of HK$76 million for Q4 2023 (+68.4% QoQ and -71.3% YoY)
- Adjusted Basic earnings per share of HK$1.82 for FY 2023 (-71.4% YoY), and of HK$0.18 for Q4 2023 (+63.6% QoQ and -72.3% YoY)

Revenue Guidance for Q1 2024

- US$370 million to US$430 million, -20.0% YoY and -8.1% QoQ at mid-point

[1] For more information about the Non-HKFRS Measures, please refer to the section under "Reconciliation of HKFRS Measures to the non-HKFRS Measures".

The Directors of ASMPT Limited are pleased to deliver the following announcement of audited results for the year ended 31 December 2023:

RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK$14.70 billion (US$1.88 billion) for the fiscal year ended 31 December 2023, which was 24.1% lower year-on-year ("YoY"). The Group's consolidated profit after taxation for the year was HK$711.5 million (HK$744.9 million after adjustments under non-HKFRS Measures), a decrease of 72.8% YoY. Basic earnings per share ("EPS") for the year amounted to HK$1.73 (HK$1.82 after adjustments under non-HKFRS Measures) compared with EPS of HK$6.36 for the preceding year.

DIVIDENDS AND CLOSURES OF REGISTER OF MEMBERS

The Group has a dividend policy of distributing around 50% of its annual profits as dividends and firmly believes in returning excess cash to its shareholders. After considering its short-term needs and cash on hand, the Board of Directors has resolved to recommend to shareholders the payment of a final dividend of HK$0.26 (2022: final dividend of HK$1.90) per share. In addition, the Board has also recommended a special cash dividend of HK$0.52 per share to shareholders. Together with the interim dividend of HK$0.61 (2022: HK$1.30) per share paid in August 2023, the total dividend payment for year 2023 will be HK$1.39 (2022: HK$3.20) per share.

The proposed final dividend and special dividend of HK$0.78 per share in total, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 8 May 2024 ("2024 AGM"), is payable on 31 May 2024 to shareholders whose names appear on the Register of Members of the Company on 17 May 2024.

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

(i) from 6 to 8 May 2024, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 3 May 2024; and

(ii) from 16 to 17 May 2024, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining shareholders' entitlement to the proposed final dividend and special dividend. In order to qualify for the proposed final dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited at the abovementioned address, not later than 4:00 p.m. on 14 May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Business Review

Our review of 2023 will begin with an overall commentary on notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment (“SEMI”) and SMT Solutions Segment (“SMT”).

Overall, 2023 was a tough year for the semiconductor industry. The impact of a challenging macroeconomic environment – including persistent inflationary pressure, interest rate impact, coupled with geopolitical tensions, and a slower than anticipated recovery of the Chinese economy – weakened overall consumer sentiment and electronics demand.

The Group’s management team deeply appreciates the professionalism, dedication and commitment of the entire global ASMPT team which deftly navigated a difficult landscape in 2023.

Unique Broad-based Portfolio Cushioned Impact of Downcycle Year

The Group’s unique broad-based portfolio encompasses two distinct businesses - SEMI and SMT. While the prolonged industry downturn adversely impacted the SEMI business - with its revenue contracting significantly in 2023 due to a substantial fall in demand for personal computers, smartphones, and other consumer electronic devices - SMT remained resilient mainly due to continued demand from Automotive and Industrial end markets. In fact, SMT contributed more of overall Group revenue in 2023, delivering higher revenue than SEMI for a sixth consecutive quarter in Q4 2023.

Another aspect of the Group’s unique broad-based portfolio is the diversified end markets the Group serves. Automotive applications continued their strong momentum, contributing the most to Group revenue in 2023, followed by Industrial applications. An obvious bright spot was its Advanced Packaging (“AP”) solutions that experienced growing demand from generative AI and High Performance Computing (“HPC”) applications.

SMT: Resilient Performance with Largest Market Share

Powered by Automotive and Industrial end-market applications during the year, SMT delivered a comparatively buoyant revenue performance even in the semiconductor downcycle and strengthened its position as market leader. Much of this performance was due to robust demand for SMT’s high-end placement and printing tools, which came mostly from Europe and the Americas. SMT bookings started to soften in the second half of 2023 mainly due to automotive and industrial end-markets normalising.

Even as Automotive and Industrial end markets continued to dominate segment bookings for 2023, there has also been growing demand for the Group’s placement tools from AI-related server applications due to their flexibility in handling varied board sizes with high placement accuracy. The Group’s SMT placement tools received orders from AI server customers and a leading foundry player in 2023.

More recently, there was also demand from smartphone and wearable applications players, specifically for SMT’s Systems-in-Package (SiP) AP tools.

Automotive: Maintaining Pole Position for Revenue Contribution
The Group's Automotive end-market applications contributed the highest proportion of 2023 Group revenue at about 22% or approximately US$410 million. This was primarily fuelled by growth in engagements with Automotive players, particularly Electric Vehicle ("EV") players, enabling more of the Group's solutions to becoming the process of record ("POR") for these companies.

The Group's comprehensive range of Automotive solutions are a distinctive competitive differentiator, and momentum is particularly notable in the growing EV market that is being supported by the entry of new automakers and more EV model launches.

Demand for Silicon Carbide ("SiC") related applications is also on the rise and the Group's 'total solutions' for these include laser dicing for wafers, die attach, pressure sintering, molding, and SMT placement. These value-added solutions have helped the Group to be a preferred co-development partner for its customers.

Looking forward, the Group estimates the addressable market for Automotive end-market applications to grow from approximately US$1.8 billion in 2024 to US$2.6 billion in 2028, at a compounded annual growth rate ("CAGR") of about 10%.

Advanced Packaging: Expanding Customer Base in High Growth Market
The Group's AP solutions' percentage share of Group revenue for 2023 increased YoY to around 22%, or about US$410 million.

Looking ahead, the Group estimates that its addressable market for AP will progressively increase from about US$1.7 billion in 2024 to US$3.3 billion in 2028, a CAGR of about 18%. This increase in both addressable market size and CAGR is mainly driven by the fast-growing global generative AI market. As more of the Group's AP solutions are gaining traction, it is further deepening its already strong, entrenched positions with major AI players. This provides the Group with confidence to steadily grow its AP market share.

Here are some notable developments within the Group's AP solutions:

Thermo-Compression Bonding ("TCB"): Market Leader with Increased Customer Adoption
On the back of a robust backlog, the Group's TCB solutions delivered their highest yearly revenue and contributed the most to the Group's overall AP revenue in 2023.

With an early mover advantage, the Group's TCB solutions are a market leader, with the largest installed base of tools globally. Overall, its TCB customer base has expanded beyond logic IDMs into high bandwidth memory ("HBM"), leading foundry, and OSAT players, and it is deeply embedded in these customers' generative AI supply chains.

The Group has a solid foundation serving the logic IDM market. Here, its TCB solutions have a commanding position in both chip to substrate ("C2S") and chip to wafer ("C2W") applications for HPC and AI.

In addition, for logic requirements fuelled by generative AI demand, the Group has already won meaningful TCB orders for C2S applications from a leading foundry in Q3 and Q4 2023. The Group is also deeply engaged with this customer with its next generation ultrafine pitch C2W solution. It also won orders from OSATs for both C2S and C2W applications as they expand capacity to support multiple AI players' growth.

In the HBM market, the Group's TCB tools are already in production at a leading HBM player, and it continues to have meaningful engagements with multiple HBM players. These provide the confidence of more order flow over the next few quarters. Moreover, as HBM packaging requirements become more demanding, they will increasingly require TCB processes, where ASMPT is the technology leader. The Group is ready for 12H/16H HBM with its next generation ultrafine pitch TCB.

With accelerating TCB adoption, ASMPT is in the best position to capitalize on the generative AI boom. Its first mover position, proven track record and extensive industry learning over the past decade enable it to offer the most comprehensive and scalable TCB solutions. It will continue to expand its production capacity in 2024 and beyond.

Flip Chip ("FC") High Precision Die-bonding Gains Traction in AI

Generative AI and HPC applications require varying degrees of pitch and placement accuracy across cloud and data centres. Besides TCB, the Group's high-precision FC bonding tools have also gained traction due to demand from generative AI requirements with a consistent order momentum throughout 2023 that is expected to continue in 2024. It is engaging leading foundry, HBM and OSAT customers for both C2W and C2S applications. In addition, its FC tools are capable of panel level pick-and-place fan-out applications with lower form factors that are well-suited for AI edge devices.

Taken together, the Group's TCB and FC tools are already catering to AI players at cloud and datacentre levels and are well poised to take advantage of the huge potential in edge devices when demand for these surges.

Hybrid Bonding ("HB"): A Breakthrough Year

In 2023, the Group's HB solutions received its first orders for two tools for 3D integration which will be delivered in the second half of 2024. It is confident of securing more orders for its HB tools in Q1 2024 and beyond.

Engagements with key customers for its next-generation HB tools are progressing well in various end-market applications, including the memory market. These give the Group confidence that it will intercept the HVM ramp for HB in time to come.

Photonics: Market Leading Solutions

Rapid generative AI growth demands higher bandwidth and datacentres are expanding and upgrading to support this. Consequently, demand for higher bandwidth optical transceivers and Co-Packaged Optics ("CPO") applications has been growing.

For transceivers, the Group's market leading range of Photonics solutions can cater to bandwidths from 100G to 800G and beyond. In particular, it has a comprehensive range of solutions for 400G and higher bandwidth transceivers and commands a dominant market share in the transceiver segment. For CPO applications, its Silicon Photonics ("SiPh") solutions have best-in-class placement accuracy and a highly flexible system capable of handling multiple bonding processes.

This combination of demand growth, and both market and technology leadership saw its Photonics solutions win repeat orders from leading AI players in 2023. This order momentum is expected to continue in 2024.

Advanced Display: Seeing 'Green Shoots'

The Group's advanced display tools encompass both Mini and Micro LED applications.

While 2023 began slowly for its Mini LED solutions as customers held back investments due to weak consumer sentiment, there was some traction and order flow later in the year. This momentum is expected to continue into 2024 with improving sentiment and HVM potential of RGB displays for seamless, high-resolution indoor video walls. Its Mini LED solutions are well-positioned to capitalise on this demand growth with their ultrafine pitch capabilities.

Its Micro LED solutions have been progressing steadily toward mass market adoption across diverse applications including smartwatch and automotive. ASMPT is the first tool provider to win orders in Micro LED for smartwatch applications. It also won orders in automotive smart headlamps for high-end vehicles, and is engaging top automotive players as demand for such headlamps continues to grow.

SMT Placement: Traction with Next Generation AP Tools

The Group is engaging customers with its next generation AP tools that have higher placement accuracy, multi-die picking capabilities, and the ability to pick dies directly from the wafer for better performance. These tools are gaining traction for SiP, wafer level fan-out and embedded substrate applications, and SMT expects more orders for these AP tools in 2024.

Investing for the Future

Despite the downturn, the Group continued to prioritise investment in areas of key strategic importance, such as R&D and infrastructure, so as to prepare well for future opportunities. These are expected to incur additional operating expenditure of around HK$250 million for 2024.

With the wealth of AP developments described above, it firmly believes that AP is a strategic growth area with significant potential and has prioritised R&D resources and capacity investments to strengthen its leading position.

It also embarked on large scale system rollouts globally that are focused on people development, IT, ERP and other operational areas, and it expects to step up its investments in these areas in 2024. Over time, these will make the company more productive and agile as it navigates a more dynamic external operating environment.

Group Financial Review

(in HK$ million)	Q4 2023	QoQ	YoY	FY 2023	YoY
Bookings	2,736.1 (US$349.8 million)	-7.6%	-12.2%	12,259.7 (US$1,565.9 million)	-33.5%
Revenue	3,404.7 (US$435.4 million)	-2.0%	-21.4%	14,697.5 (US$1,876.8 million)	-24.1%
Gross Margin	42.3%	+812 bps	+87 bps	39.3%	-186 bps
Operating Margin	5.5%	+356 bps	-825 bps	7.5%	-920 bps
Adjusted Net Profit	76.5	+68.4%	-71.3%	744.9	-71.5%
Adjusted Net Profit Margin	2.2%	+94 bps	-391 bps	5.1%	-845 bps

FY 2023 Group Financial Review

The Group's performance was impacted by SEMI in a challenging downcycle year. It delivered full-year revenue of HK$14.70 billion (US$1.88 billion), a decline of 24.1% YoY. SEMI's revenue declined 37.0% YoY, while SMT declined 10.0% and SMT contributed about 57% of Group revenue. This highlights the advantage of its broad-based portfolio as its two segments follow different business cycles and shielded it to a certain extent in downcycles.

Here are some highlights from an end-market perspective:

(i) The Automotive market continued to be the highest contributor to Group revenue at approximately 22%. Even in the face of some market softness, the Group's comprehensive range of Automotive solutions and its engagements with a growing base of customers helped this end market maintain its strong contribution.

(ii) The Industrial market also witnessed some weakness, but its percentage contribution remained stable, contributing to about 16% of Group revenue. It was also the highest contributor to SMT's performance, benefitting from structural trends towards intelligent factories, greener infrastructure, enhanced automation, and digitalization.

(iii) The Consumer, Communication and Computing markets continued to experience softness owing to weak consumer sentiment.

In terms of geographical breakdown, China (including Hong Kong) continued to witness a YoY decline in revenue and share of Group revenue dropped from 42% to 31%. This decline was partially offset by YoY revenue growth from Europe and the Americas, with Europe's share of Group revenue increasing from 18% to 28%, and from 12% to 18% for the Americas. In 2023, the Group continued to experience a low degree of customer revenue concentration, with its top five customers accounting for about 17% of total revenue.

In line with weak industry conditions, Group bookings declined by 33.5% YoY to HK$12.26 billion (US$1.57 billion). SEMI witnessed a decline of 39.7% YoY in bookings due to the semiconductor downcycle. As SMT normalised in the second half of the year, segment bookings for the second half of the year were impacted, thus bookings for 2023 declined 27.7% YoY. In terms of end markets, combined bookings from AP, Automotive and Industrial remained stable at about 60% of Group bookings for 2023. The Group ended the year with a backlog of HK$6.61 billion (US$846.1 million), and a book-to-bill ratio of 0.83.

Group gross margin was 39.3%, down 186 bps, mainly due to SEMI, while SMT witnessed gross margin growth due to a favourable product mix.

In a downcycle year, the Group continued its cost control and efficiency-enhancing initiatives, which included the reduction of non-essential travel and entertainment, sensible hiring measures, and targeted headcount reduction.

Group operating margin declined by 920 bps YoY to 7.5% due to lower sales volumes and reduced gross margin.

In line with reduced revenue and operating margin, the Group's adjusted net profit declined 71.5% YoY to HK$744.9 million.

The Group continued to have a robust balance sheet and recorded strong cash and bank deposits of HK$4.80 billion at end 2023 (2022 end: HK$4.42 billion). Net cash was at a record level of HK$2.80 billion at the end of 2023 (2022 end: HK$2.17 billion).

Q4 2023 Group Financial Review

Group revenue of HK$3.40 billion (US$435.4 million) was marginally higher than the mid-point of revenue guidance previously issued. It was a decline of 2.0% QoQ and 21.4% YoY.

It delivered bookings of HK$2.74 billion (US$349.8 million), down 7.6% QoQ due to general seasonality. Bookings declined 12.2% YoY mainly due to SMT.

Group gross margin increased 812 bps QoQ to 42.3% due to Q3's exceptionally low gross margin and a better product mix for both SEMI and SMT. It improved 87 bps YoY, mainly driven by SMT.

Group operating margin improved 356 bps QoQ to 5.5% as Q3's operating margin was impacted by low Q3 gross margin. Operating margin declined 825 bps YoY, mainly due to lower sales volume and lower gross profit.

In line with improved operating margin, Group adjusted net profit was HK$76.5 million, up 68.4% QoQ but down 71.3% YoY.

Semiconductor Solutions Segment Financial Review

(in HK$ million)	Q4 2023	QoQ	YoY	FY 2023	YoY
Bookings	1,243.1 (US$158.9 million)	-6.2%	+10.5%	5,340.4 (US$682.1 million)	-39.7%
Revenue	1,594.2 (US$203.9 million)	+1.2%	-15.3%	6,365.1 (US$812.9 million)	-37.0%
Gross Margin	43.8%	+1,187 bps	-66 bps	40.9%	-375 bps
Segment Profit/ (Loss)	0.9	NM	-99.2%	(44.1)	NM
Segment Profit Margin	0.1%	+708 bps	-600 bps	-0.7%	-1,705 bps

NM: Not meaningful

SEMI registered a slight increase in revenue of 1.2% QoQ to HK$1.59 billion (US$203.9 million) in Q4 2023. Revenue was down 15.3% YoY in line with industry weakness.

Revenue performance for each of SEMI's Business Units ("BU"s) was driven by the following developments within each of the BUs:

(i) IC/Discrete BU had a stable revenue contribution QoQ, with the highest contribution from TCB.

(ii) Optoelectronics BU registered a small QoQ revenue growth. Its advanced tools serving SiPh and Photonics applications combined grew in revenue and contributed the most to BU revenue.

(iii) CIS BU revenue continued to be adversely impacted by ongoing weakness in the global smartphone market.

SEMI recorded Q4 2023 bookings of HK$1.24 billion (US$158.9 million), down 6.2% QoQ mainly due to seasonality. However, quarterly bookings in 2023 declined at a slower rate YoY for the first three quarters, turning positive in Q4 2023. Bookings improved 10.5% YoY in Q4 2023 mainly fuelled by growth in AP bookings.

SEMI's gross margin performance of 43.8% for Q4 2023 was mainly due to a favourable product mix, with AP and Automotive contributing the most to revenue. Gross margin increased 1,187 bps QoQ due to Q3 2023 gross margin being exceptionally low. It was down marginally by 66 bps YoY.

Segment profit was HK$0.9 million in Q4 2023.

SMT Solutions Segment Financial Review

(in HK$ million)	Q4 2023	QoQ	YoY	FY 2023	YoY
Bookings	1,493.1 (US$190.9 million)	-8.7%	-25.0%	6,919.3 (US$883.8 million)	-27.7%
Revenue	1,810.5 (US$231.5 million)	-4.7%	-26.0%	8,332.4 (US$1,063.9 million)	-10.0%
Gross Margin	41.0%	+493 bps	+188 bps	38.1%	+73 bps
Segment Profit	266.6	+3.3%	-49.4%	1,432.9	-21.5%
Segment Profit Margin	14.7%	+115 bps	-679 bps	17.2%	-252 bps

SMT continued to deliver higher revenue than SEMI for a sixth consecutive quarter in Q4 2023, making up 53.2% of Group revenue. Revenue of HK$1.81 billion (US$231.5 million) was a decline of 4.7% QoQ and 26.0% YoY. Even though the Industrial and Automotive end markets saw some weakness towards the second half, both combined still contributed the most to segment revenue for the quarter.

As automotive and industrial end-markets normalised, segment bookings declined 8.7% QoQ and 25.0% YoY in Q4 2023 to HK$1.49 billion (US$190.9 million).

Segment gross margin improved to 41.0% in Q4 2023, up 493 bps QoQ and 188 bps YoY, with this improvement mainly due to a favourable product mix.

Segment profit was HK$266.6 million in Q4 2023, a slight improvement of 3.3% QoQ, and down 49.4% YoY mainly due to lower sales volume.

OUTLOOK

The Group expects Q1 2024 revenue to be between US$370 million to US$430 million, representing a decline of 20.0% YoY and 8.1% QoQ at mid-point. The decline is mainly due to lower revenue from SMT as its bookings began softening in the second half of 2023.

Many experts have anticipated the semiconductor industry to recover in 2024. This could in turn fuel the next multi-year industry upcycle and the Group remains optimistic about its prospects as it taps this longer-term industry optimism with its unique broad-based portfolio. The Group’s confidence is further supported by long-term structural trends from automotive electrification, smart factories, green infrastructure, 5G/6G, IoT, and AI growth across cloud, datacentre, and AI edge devices. On a broader level, these structural trends are also moving in tandem with a sustained increase in two key areas: increased capex spend from nations securing their supply chains via more onshoring, and organisations preparing themselves to deal with more dynamic global supply chains to support an increasingly digitally-connected world.

COMMITMENT TO RESEARCH AND DEVELOPMENT ("R&D")

With a global workforce of more than 2,500, the Group operates several R&D centres worldwide across Asia, Europe and the Americas. It has a longstanding practice of annually allocating a significant portion of its financial resources for R&D. In 2023, it invested about HK$2.05 billion (2022: HK$2.03 billion) in R&D. As of 31 December 2023, the Group has delivered over 2,000 patents and patent applications.

This continued commitment to investing in R&D across industry cycles is critical in enabling ASMPT to remain at the forefront of technology development, positioning it well to capitalize on the technological breakthroughs required to tap secular growth opportunities and create value for customers and shareholders.

A Unique Competitive Advantage

The Group's R&D framework consists of developing robust R&D infrastructure and capabilities to effectively enable and support innovation across the whole Group, providing it with a unique competitive advantage.

The R&D team is able to rapidly harness the potential of dynamic technology developments, its technology experts efficiently connecting and collaborating with other technology leaders on advanced developments for the Group's applications. This provides some significant capabilities for the Group, such as timely delivery of innovative solutions for both mainstream and advanced packaging, and the ability to regularly bring 'cutting-edge' solutions to customers at a much faster pace than the competition.

One of the R&D team's key focus is on building core competencies in five key areas: mechanical, motion, electrical, software, and vision capabilities. These drive technology development and support product development in the design and manufacturing stages. They collectively address a broad array of critical technologies that include advanced motor, advanced process & platform, metrology, motion system & control, precision design, AI & software systems, thermal & fluid control, vibration control, and vision & optical technology.

'Pathfinding' is another key R&D role that helps reduce the number of viable design options available in the face of increasingly complex semiconductor device structures and shrinking structural dimensions that are making design of next-generation components ever more complex, challenging and time-consuming. One example of this is the current focus on R&D in advanced motion control and AI vision to enhance the impact of AI on overall machine performance. Developments in such pathfinding technology – done in collaboration with renowned universities – are helping improve performance, accuracy, learning, adaptive AI usage, anomaly detection, and model-based system engineering competency.

The Group remains confident that its R&D team will continue to master the intricacies of the technology used in its products for further innovation and breakthrough, while balancing this with cost of ownership and other key operational criteria.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank deposits as of 31 December 2023 was HK$4.80 billion (2022: HK$4.42 billion). During 2023, HK$1.04 billion was paid as dividends (2022: HK$1.61 billion). Capital additions during the year amounted to HK$444.1 million (2022: HK$463.1 million), which was fully funded by Company's operating cash flow.

As of 31 December 2023, the debt-to-equity ratio was 0.127 (2022: 0.142). Debts include all bank borrowings. The Group had available banking facilities of HK$5.92 billion (US$758.0 million) (2022: HK$3.41 billion (US$437.1 million)) in the form of bank loans and overdraft facilities, of which HK$3.58 billion (US$458.5 million) (2022: HK$1.86 billion (US$238.5 million)) were committed borrowing facilities. Bank borrowings, which are mainly arranged to support day-to-day operations and capital expenditure, are denominated in Hong Kong dollars.

The Group had unsecured bank borrowings of HK$2.00 billion as of 31 December 2023 (2022: HK$2.25 billion), consisting of variable-rate syndicated loan. The syndicated loan is repayable by instalments till March 2024. The Group uses interest rate swaps to mitigate its exposure of the cash flow changes of the variable-rate syndicated loan by swapping HK$1.75 billion (2022: HK$1.75 billion) of the syndicated loan from variable rates to fixed rates. The Group has successfully re-financed its outstanding syndicated loan in February 2024. The Group's equity attributable to owners of the Company was HK$15.69 billion (2022: HK$15.74 billion) as at 31 December 2023.

As of 31 December 2023, cash holdings of the Group were mainly in US dollars, Euros and Chinese RMB. The Group entered into HK dollar and Euro hedging contracts to mitigate foreign currency exposure of the inter-company loans denominated in Euro. SMT Solutions Segment entered into US dollar and Euro hedging contracts to mitigate foreign currency risks, as a significant portion of the production of SMT equipment and its suppliers are located in Europe, while a substantial part of the Group's revenue for SMT equipment is denominated in US dollars. In terms of currency exposure, the majority of the Group's sales and disbursements in respect of operating expenses and purchases were mainly in US dollars, Euros and Chinese RMB.

SIGNIFICANT INVESTMENT

As of 31 December 2023, AAMI was regarded as a significant investment of the Group as the value of the Group's investment in AAMI comprised 5% or more of the Group's total assets. Information pursuant to paragraph 32(4A) of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in relation to the Group's investment in AAMI is as follows:

(i)	Details of the investment in AAMI:	4,444 ordinary shares in AAMI, representing 44.44% equity interests in AAMI. The carrying value of the Group's investment in AAMI is HK$1,521 million
(ii)	Fair value of the investment in AAMI:	HK$1,731 million
(iii)	The investment's size relative to the Group's total assets:	6.3%
(iv)	The performance of the investment in AAMI:	For the year ended 31 December 2023, the share of results of AAMI was HK$11 million, and no dividend was received from AAMI
(v)	Principal activity of AAMI and its subsidiaries:	Manufacturing and trading of materials products
(vi)	The Group's investment strategy:	Long-term investment in the materials business

HUMAN RESOURCES

The Group places significant value on its global workforce and consistently introduces and enhances a range of human resource ("HR") initiatives to foster a positive and inclusive work culture and employee experience. These include areas such as employee engagement and recognition; talent development and succession planning; employee digital experience; and diversity, equity & inclusion (DEI), for the growth and well-being of its employees.

Here are the highlights of key initiatives for 2023:

Employee Engagement & Recognition

To gain deeper insights into employee needs, the Company conducted its inaugural Global Employee Engagement Survey, named 'ENGAGE'. The survey achieved an impressive participation rate of approximately 90% worldwide. It has analysed the survey results and will put in place action plans for 2024. These underscore ASMPT's commitment to develop an engaging and high-performing organization.

It also introduced the Company's first Global Employee Recognition Program called 'SPARK' that features four distinct categories covering Business Performance, Engineering Innovation, Quality Excellence, and the Company's POWER values. SPARK will serve as a platform to recognize and celebrate the diverse talents and achievements within ASMPT.

Talent Development & Succession Planning
Efforts here highlight ASMPT's strategic vision to ensure its future growth and sustainability. Following a structured review of succession planning for Director-level employees and above, ASMPT has partnered with an external consulting company to establish an ASMPT Development Centre to provide future leaders with a rigorous assessment of their leadership development needs. The HR team worked with internal stakeholders to systematically identify and assess a potential talent pool of future ASMPT leaders. This initial cohort successfully completed the required assessments at the Development Centre, marking a significant milestone in systematically nurturing ASMPT's future leaders.

Digital Experience
ASMPT successfully rolled out its first Global People System (GPS) to greatly improve productivity and the overall digital experience for its employees worldwide. The GPS has a particular emphasis on enhancing self-service management, engagement, growth, and development. GPS rollout has been completed for Asia and the Americas in 2023, and plans are underway to extend its deployment to Europe and enhance the system's functionalities in 2024.

Diversity, Equity & Inclusion ("DEI")
The Company's emphasis on DEI initiatives took a further step forward with the launch of various 'ASMPT Women's Chapters' across the world, where female employees can connect, share, and support one another in their professional journeys. These Chapters are a significant step towards promoting gender diversity and inclusion within the Company. ASMPT firmly believes that empowering women and fostering inclusivity will create a more diverse, equitable and dynamic work environment that can contribute to the Company's success.

These various developments highlight ASMPT's continued commitment to bring out the best in people and to create a 'best place to work'.

As of 31 December 2023, the total headcount for the Group was about 10,800, excluding about 500 flexi workers and outsourced workers. Of the 10,800, approximately 900 were based in Hong Kong, 5,100 in mainland China, 1,000 in Singapore, 1,100 in Germany, 800 in Malaysia, 400 in Portugal, 400 in the United Kingdom, 400 in the United States, and the rest in other parts of the world.

Total manpower costs for the Group for 2023 was HK$5.02 billion (2022: HK$5.22 billion). ASMPT continues its commitment to fairly remunerate its employees and adopts a prudent and calibrated approach towards managing overall manpower costs.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

The Group is working towards being an industry leader in reducing its carbon footprint and has dedicated itself to achieving net zero Scope 1 & 2 emissions by 2035. Additionally, to reduce emissions throughout the semiconductor value chain, ASMPT is a Leadership Level Founding Member of the Semiconductor Climate Consortium ("SCC"), leading SCC's working group focused on increasing low-carbon energy access and availability globally.

DEI is ASMPT's top social priority, with a current focus on increasing gender diversity. As part of the Company's governance framework, effective climate risk identification and management protocols safeguard the interests and long-term sustainability of its business.

More details on the ASMPT's sustainability efforts and achievements will be highlighted in the 2023 ESG Report that will be released simultaneously with the Company's 2023 Annual Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has a diversified portfolio of business operations across the world. Any failure to address or cope with relevant requirements may result in non-compliance with local laws or regulations, leading to not only financial loss but also reputational damage to ASMPT. In order to mitigate any relevant risks, it actively assesses the effects of global trends and developments. It also engages closely with regulatory authorities and external advisors on new laws and regulations as well as trending legislations, to ensure that the relevant requirements are properly complied with in a timely and effective manner.

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 Dec		Year ended 31 Dec	
		2023	2022	**2023**	2022
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(unaudited)	(unaudited)	**(audited)**	(audited)
	Notes				
Revenue	2	**3,404,694**	4,330,434	**14,697,489**	19,363,495
Cost of sales		**(1,965,491)**	(2,537,471)	**(8,923,861)**	(11,397,547)
Gross profit		**1,439,203**	1,792,963	**5,773,628**	7,965,948
Other income		**57,810**	27,833	**183,001**	122,528
Selling and distribution expenses		**(423,276)**	(415,940)	**(1,606,563)**	(1,705,253)
General and administrative expenses		**(276,712)**	(259,208)	**(1,014,868)**	(997,654)
Research and development expenses		**(553,438)**	(524,467)	**(2,047,802)**	(2,026,478)
Other gains and losses, net	4	**(24,279)**	(196,762)	**(29,767)**	86,546
Other expenses	5	**(22,289)**	(31,695)	**(94,976)**	(76,048)
Finance costs	6	**(52,261)**	(29,555)	**(137,888)**	(119,936)
Share of result of a joint venture		**(18,856)**	13,367	**11,246**	163,338
Profit before taxation		**125,902**	376,536	**1,036,011**	3,412,991
Income tax expense	7	**(50,223)**	(109,970)	**(324,510)**	(794,924)
Profit for the period		**75,679**	266,566	**711,501**	2,618,067
Profit (loss) for the period, attributable to:					
Owners of the Company		**75,351**	266,876	**715,353**	2,620,251
Non-controlling interests		**328**	(310)	**(3,852)**	(2,184)
		75,679	266,566	**711,501**	2,618,067
Earnings per share	9				
- Basic		**HK$0.18**	HK$0.65	**HK$1.73**	HK$6.36
- Diluted		**HK$0.18**	HK$0.65	**HK$1.73**	HK$6.33

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 Dec		Year ended 31 Dec	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(audited)**	(audited)
Profit for the period	**75,679**	266,566	**711,501**	2,618,067
Other comprehensive income (expense)				
Items that will not be reclassified to profit or loss:				
- remeasurement of defined benefit retirement plans, net of income tax	**16,630**	75,403	**16,630**	75,403
- net fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income	**535**	(35,279)	**2,736**	(35,279)
Items that may be reclassified subsequently to profit or loss:				
- exchange differences on translation of foreign operations				
- subsidiaries	**319,023**	514,819	**145,181**	(657,999)
- a joint venture	**3,991**	1,319	**(5,967)**	(33,576)
- fair value (loss) gain on hedging instruments designated as cash flow hedges	**(14,622)**	(9,735)	**(43,064)**	77,513
Other comprehensive income (expense) for the period	**325,557**	546,527	**115,516**	(573,938)
Total comprehensive income for the period	**401,236**	813,093	**827,017**	2,044,129
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	**398,989**	811,364	**833,131**	2,061,367
Non-controlling interests	**2,247**	1,729	**(6,114)**	(17,238)
	401,236	813,093	**827,017**	2,044,129

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December **2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment		**2,189,566**	2,230,635
Right-of-use assets		**2,046,422**	1,553,341
Investment properties		**63,260**	69,485
Goodwill		**974,918**	928,313
Intangible assets		**1,020,457**	1,041,763
Other investments		**84,746**	38,051
Interest in a joint venture		**1,521,245**	1,515,966
Other financial assets		**-**	39,765
Deposits paid for acquisition of property, plant and equipment		**13,745**	31,529
Rental deposits paid		**31,360**	30,798
Derivative financial instruments		**177,000**	215,020
Deferred tax assets		**590,140**	529,223
Long-term bank deposits		**2,158**	14,450
Other non-current assets		**7,030**	22,762
		8,722,047	8,261,101
Current assets			
Inventories		**6,315,473**	7,450,163
Trade and other receivables	10	**3,972,865**	4,543,672
Amounts due from a joint venture and its affiliates		**20,641**	21,111
Derivative financial instruments		**41,556**	49,479
Income tax recoverable		**51,107**	39,989
Other financial assets		**39,837**	-
Pledged bank deposits		**-**	570
Bank deposits with original maturity of more than three months		**365,261**	147,560
Cash and cash equivalents		**4,434,057**	4,262,886
		15,240,797	16,515,430
Current liabilities			
Trade liabilities and other payables	11	**2,364,029**	2,879,409
Advance payments from customers		**881,374**	1,093,944
Amounts due to a joint venture and its affiliates		**43,061**	13,431
Derivative financial instruments		**1,246**	14,253
Lease liabilities		**188,095**	188,807
Provisions		**270,487**	333,537
Income tax payable		**264,664**	473,212
Bank borrowings		**2,000,000**	250,000
		6,012,956	5,246,593
Net current assets		**9,227,841**	11,268,837
		17,949,888	19,529,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	At 31 December	
	2023	2022
	HK$'000	HK$'000
Capital and reserves		
Share capital	**41,451**	41,287
Dividend reserve	**323,314**	783,758
Other reserves	**15,326,282**	14,913,461
Equity attributable to owners of the Company	**15,691,047**	15,738,506
Non-controlling interests	**112,911**	119,025
Total equity	**15,803,958**	15,857,531
Non-current liabilities		
Bank borrowings	**-**	2,000,000
Lease liabilities	**1,841,509**	1,320,395
Retirement benefit obligations	**65,190**	98,787
Provisions	**47,183**	54,453
Deferred tax liabilities	**120,946**	148,188
Other liabilities and accruals	**71,102**	50,584
	2,145,930	3,672,407
	17,949,888	19,529,938

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to *HKAS 12 Deferred Tax related to Assets and Liabilities arising from a single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* ("HKAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

1. PRINCIPAL ACCOUNTING POLICIES – continued

Impacts on application of *Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules*

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. Accordingly, the Group neither recognize nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The application of the amendments has had no material impact on the Group's financial positions and financial performance for the year ended 31 December 2023.

As at 31 December 2023, the government of certain European countries such as Germany, Portugal and United Kingdom, Japan, Korea, Malaysia and Vietnam, where the group entities are incorporated, enacted the Pillar Two income tax legislation effective on or after 1 January 2024. There is no impact on profit and tax expense of the Group for the year ended 31 December 2023. Under the legislation, the Group will be required to pay top-up tax on profits of subsidiaries that are taxed at an effective tax rate of less than 15 per cent calculated based on the specific adjustments envisaged in the Pillar Two legislation, which may give rise to different effective tax rates compared to those calculated based on accounting profit. Accordingly, the impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the year ended 31 December 2023 may have been significantly different.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies of the consolidated financial statements.

2. SEGMENT INFORMATION

The Group has two (2022: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2022: two) major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Company's Chief Executive Officer, the chief operating decision maker ("CODM"), for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the two (2022: two) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

Segment revenues and results

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

	Three months ended 31 Dec		**Year ended 31 Dec**	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(audited)**	(audited)
Segment revenue from external customers				
Semiconductor solutions	**1,594,198**	1,882,683	**6,365,130**	10,104,838
Surface mount technology solutions	**1,810,496**	2,447,751	**8,332,359**	9,258,657
	3,404,694	4,330,434	**14,697,489**	19,363,495
Segment profit (loss)				
Semiconductor solutions	**939**	114,127	**(44,058)**	1,652,629
Surface mount technology solutions	**266,635**	526,794	**1,432,928**	1,825,566
	267,574	640,921	**1,388,870**	3,478,195
Interest income	**28,425**	15,156	**82,816**	32,248
Finance costs	**(52,261)**	(29,555)	**(137,888)**	(119,936)
Share of result of a joint venture	**(18,856)**	13,367	**11,246**	163,338
Unallocated other income	**4,416**	5,257	**20,261**	24,162
Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts	**(45,435)**	(197,666)	**(63,103)**	84,995
Unallocated general and administrative expenses	**(56,334)**	(41,815)	**(200,752)**	(177,185)
Unallocated other gains	**20,662**	2,566	**29,537**	3,222
Other expenses	**(22,289)**	(31,695)	**(94,976)**	(76,048)
Profit before taxation	**125,902**	376,536	**1,036,011**	3,412,991
Segment profit (loss) %				
Semiconductor solutions	**0.1%**	6.1%	**-0.7%**	16.4%
Surface mount technology solutions	**14.7%**	21.5%	**17.2%**	19.7%

2. SEGMENT INFORMATION – continued

<u>Segment revenues and results – continued</u>

No analysis of the Group's assets and liabilities (except for additions to property, plant and equipment, right-of-use assets and intangible assets) by operating segments is disclosed as they are not regularly provided to the CODM for review.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, share of result of a joint venture, unallocated other income, unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, unallocated other gains, and other expenses.

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

<u>Other segment information (included in the segment profit or loss or regularly provided to the CODM)</u>

Year ended 31 December 2023	**Semiconductor solutions HK$'000**	**Surface mount technology solutions HK$'000**	**Unallocated general and administrative expenses HK$'000**	**Total HK$'000**
Amounts regularly provided to CODM:				
Additions of property, plant and equipment and right-of-use assets	**283,829**	**784,990**	**-**	**1,068,819**
Additions of intangible assets	**73,738**	**3,876**	**-**	**77,614**
Amounts included in the measure of segment profit or loss:				
Amortization for intangible assets	**55,764**	**55,277**	**-**	**111,041**
Depreciation for property, plant and equipment and right-of-use assets	**390,819**	**205,253**	**1,278**	**597,350**
Depreciation for investment properties	**-**	**-**	**4,790**	**4,790**
(Gains) losses on disposal/write-off of property, plant and equipment	**(4,138)**	**391**	**(52)**	**(3,799)**
Gain on derecognition and modification of leases	**-**	**-**	**(9,163)**	**(9,163)**
Research and development expenses	**1,254,772**	**793,030**	**-**	**2,047,802**
Share-based payments	**128,745**	**25,164**	**23,726**	**177,635**

2. SEGMENT INFORMATION – continued

Other segment information (included in the segment profit or loss or regularly provided to the CODM) – continued

Year ended 31 December 2022	Semiconductor solutions HK$'000	Surface mount technology solutions HK$'000	Unallocated general and administrative expenses HK$'000	Total HK$'000
Amounts regularly provided to CODM:				
Additions of property, plant and equipment and right-of-use assets	329,695	313,072	-	642,767
Additions of intangible assets	40,469	597	-	41,066
Amounts included in the measure of segment profit:				
Amortization for intangible assets	57,406	56,606	-	114,012
Depreciation for property, plant and equipment and right-of-use assets	414,911	203,403	1,283	619,597
Depreciation for investment properties	-	-	4,990	4,990
(Gains) losses on disposal/write-off of property, plant and equipment	(676)	347	(1,016)	(1,345)
Research and development expenses	1,327,404	699,074	-	2,026,478
Share-based payments	157,357	22,977	32,409	212,743

2. SEGMENT INFORMATION – continued

Geographical information

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

	Non-current assets At 31 December	
	2023	2022
	HK$'000	HK$'000
China (including Hong Kong)	**1,955,840**	2,084,052
Europe	**1,586,194**	1,027,253
- Germany	**1,155,737**	704,322
- United Kingdom	**152,401**	151,684
- Portugal	**150,896**	121,520
- Hungary	**92,394**	15,700
- Others	**34,766**	34,027
Singapore	**912,316**	894,186
Malaysia	**391,756**	451,455
Americas	**456,105**	439,248
- United States of America ("USA")	**445,976**	431,349
- Others	**10,129**	7,899
Others	**38,269**	53,321
	5,340,480	4,949,515

Note: Non-current assets excluded goodwill, interest in a joint venture, financial instruments and deferred tax assets.

2. SEGMENT INFORMATION – continued

Geographical information - continued

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

	Revenue from external customers	
	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
China (including Hong Kong)	**4,486,377**	8,081,678
Europe	**4,187,402**	3,441,866
- Germany	**1,340,782**	1,110,151
- Austria	**470,146**	174,481
- Hungary	**319,899**	355,720
- Romania	**315,882**	251,451
- France	**190,538**	210,425
- Czech Republic	**149,104**	99,351
- Poland	**126,840**	191,294
- Netherland	**125,736**	175,272
- Others	**1,148,475**	873,721
Americas	**2,700,069**	2,242,479
- USA	**2,065,446**	1,585,292
- Mexico	**233,397**	271,310
- Canada	**171,297**	93,901
- Others	**229,929**	291,976
Malaysia	**905,359**	1,763,446
Taiwan	**503,945**	1,171,404
Korea	**484,603**	581,579
Thailand	**377,771**	487,428
Japan	**301,982**	652,903
India	**258,057**	185,843
Vietnam	**198,714**	307,701
Singapore	**153,184**	116,571
Philippines	**109,823**	278,765
Others	**30,203**	51,832
	14,697,489	19,363,495

No individual customer contributes to more than 10% of the total revenue of the Group for both years.

3. ANALYSIS OF QUARTERLY SEGMENT REVENUE AND RESULTS

	Three months ended			
	31 December 2023 HK$'000 (unaudited)	30 September 2023 HK$'000 (unaudited)	30 June 2023 HK$'000 (unaudited)	31 March 2023 HK$'000 (unaudited)
Segment revenue from external customers				
Semiconductor solutions	**1,594,198**	1,574,647	1,655,186	1,541,099
Surface mount technology solutions	**1,810,496**	1,899,789	2,245,680	2,376,394
	3,404,694	3,474,436	3,900,866	3,917,493
Segment profit (loss)				
Semiconductor solutions	**939**	(110,592)	27,499	38,096
Surface mount technology solutions	**266,635**	258,028	428,151	480,114
	267,574	147,436	455,650	518,210
Segment profit (loss) %				
Semiconductor solutions	**0.1%**	-7.0%	1.7%	2.5%
Surface mount technology solutions	**14.7%**	13.6%	19.1%	20.2%

3. ANALYSIS OF QUARTERLY SEGMENT REVENUE AND RESULTS - continued

	Three months ended			
	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	HK$'000	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue from external customers				
Semiconductor solutions	1,882,683	2,207,835	3,071,737	2,942,583
Surface mount technology solutions	2,447,751	2,354,121	2,131,954	2,324,831
	4,330,434	4,561,956	5,203,691	5,267,414
Segment profit				
Semiconductor solutions	114,127	297,000	616,840	624,662
Surface mount technology solutions	526,794	460,885	400,057	437,830
	640,921	757,885	1,016,897	1,062,492
Segment profit %				
Semiconductor solutions	6.1%	13.5%	20.1%	21.2%
Surface mount technology solutions	21.5%	19.6%	18.8%	18.8%

4. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
The gains and losses, net comprise:		
Net foreign exchange (loss) gain	**(71,824)**	167,261
Gain (loss) on fair value change of foreign currency forward contracts	**8,721**	(82,266)
Gain on disposal/write-off of property, plant and equipment	**3,799**	1,345
Gain on derecognition and modification of leases	**9,163**	123
Gain on fair value change of derivative relating to share adjustment on earn-out clause in a joint venture	**20,415**	11,953
Others	**(41)**	(11,870)
	(29,767)	86,546

5. OTHER EXPENSES

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Restructuring costs (Note a)	**41,554**	-
Other expenses (Note b)	**53,422**	76,048
	94,976	76,048

Notes:

(a) During the year ended 31 December 2023, related to compensation to employees due to targeted headcount reduction of HK$41,554,000 (2022: nil) was charged to restructuring costs.

(b) During the year ended 31 December 2023, consultancy costs of HK$27.8 million (2022: HK$49.6 million) relating to the progressive implementation of several strategic initiatives across the Group were charged to other expenses. The key objective of these strategic initiatives is to drive the Group's long term organizational efficiency, along with strengthening its overall agility, resilience, and sustainability. As such, the Group is confident that these strategic initiatives will deliver long term value creation. These consultancy costs were assessed by the management as incurred outside of core operations of the Group and not related to other function of expenses in the consolidated statement of profit or loss.

6. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Interest on bank borrowings	**112,415**	61,123
Interest on lease liabilities	**51,283**	49,664
Loans arrangement fees	**28,503**	8,878
Others	**605**	563
	192,806	120,228
Net gain on interest rate swaps designated as cash flow hedges	**(54,918)**	(292)
	137,888	119,936

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'00
The charge (credit) comprises:		
Current tax:		
Hong Kong	**19,893**	43,728
People's Republic of China ("PRC") Enterprise Income Tax	**23,638**	97,149
Germany	**267,387**	409,901
Other jurisdictions	**130,006**	214,273
	440,924	765,051
(Over) under-provision in prior years:		
Hong Kong	**(24)**	(781)
PRC Enterprise Income Tax	**(37,465)**	18,310
Germany	**(3,873)**	2,692
Other jurisdictions	**16,158**	64,002
	(25,204)	84,223
Deferred tax credit	**(91,210)**	(54,350)
	324,510	794,924

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million for the years ended 31 December 2023 and 2022.

7. INCOME TAX EXPENSE – continued

(b) Under the Law of 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% (2022: 25%), except for ASMPT Technology (China) Co., Ltd. ("ATC"). ATC obtained a new advanced technology service enterprise ("ATSE") Certificate in July 2018. According to the tax circular Caishui [2017] No. 79, ATC, as an ATSE, is subject to Enterprise Income Tax at a reduced income tax rate of 15%. Based on local regulations, starting from 2022, ATC's ATSE recognition is subject to annual review and re-accreditation every three years. ATC's re-accreditation of ATSE recognition has been approved in October 2022 and the renewed ATSE certificate is obtained with validation till October 2025.

(c) ASMPT Singapore Pte. Ltd. ("ATS") has been granted a Pioneer Certificate ("PC") to the effect that profits arising from the manufacture of certain semiconductor products are exempted from tax for a period of 10 years effective from 1 January 2022 to 31 December 2031 across specified products, subject to fulfillment of certain criteria during the relevant periods.

ATS has also been granted a Development and Expansion Incentive ("DEI") to the effect that certain income arising from qualifying activities conducted by ATS, are subject to a concessionary tax rate for a period of 10 years from 1 January 2021 to 31 December 2030, subject to fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the PC or DEI are taxed at the prevailing corporate tax rate in Singapore of 17% (2022: 17%).

(d) The calculation of current tax of the Group's subsidiaries in Germany is based on a corporate income tax rate of 15.00% (2022: 15.00%) plus 5.50% (2022: 5.50%) solidarity surcharge on the corporate income tax for the assessable profit for the year, which derives at a tax rate of 15.825% (2022: 15.825%). In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rates for the Group's subsidiaries in Germany vary from 11.177% to 17.150% (2022: 12.013% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates are between 27.002% and 32.975% (2022: between 27.838% and 32.975%).

(e) The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

8. DIVIDENDS

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Dividends recognized as distribution during the year		
Interim dividend for 2023 paid of HK$0.61 (2022: HK$1.30) per share on 412,504,333 (2022: 412,705,333) shares	**251,628**	536,517
Final dividend for 2022 paid of HK$1.90 (2022: final dividend for 2021 paid of HK$2.60) per share on 412,504,333 (2022: 412,705,333) shares	**783,758**	1,073,034
	1,035,386	1,609,551

Subsequent to the end of the reporting period, a final dividend of HK$0.26 (2022: final dividend of HK$1.90) per share and a special dividend of HK$0.52 per share (2022: nil) in respect of the year ended 31 December 2023 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Dividends proposed subsequent to the end of the reporting period		
Proposed final dividend for 2023 of HK$0.26 (2022: HK$1.90) per share on 414,505,433 (2022: 412,504,333) shares	**107,771**	783,758
Proposed special dividend for 2023 of HK$0.52 per share on 414,505,433 shares (2022:nil)	**215,543**	-

9. EARNINGS PER SHARE

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(audited)**	(audited)
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**75,351**	266,876	**715,353**	2,620,251

	Three months ended 31 Dec		Year ended 31 Dec	
	2023	2022	**2023**	2022
	Number of shares (in thousands)		**Number of shares (in thousands)**	
	(unaudited)	(unaudited)	**(audited)**	(audited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**412,554**	410,126	**412,372**	411,667
Effect of dilutive potential shares:				
- Employee Share Incentive Scheme	**1,982**	2,555	**1,746**	2,369
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**414,536**	412,681	**414,118**	414,036

10. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2023	2022
	HK$'000	HK$'000
Trade receivables (Note)	**3,585,695**	4,114,370
Value-added tax recoverable	**171,577**	225,657
Other receivables, deposits and prepayments	**215,593**	203,645
	3,972,865	4,543,672

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

	At 31 December	
	2023	2022
	HK$'000	HK$'000
Not yet due (Note)	**2,838,005**	2,951,052
Overdue within 30 days	**223,539**	450,613
Overdue 31 to 60 days	**130,436**	160,510
Overdue 61 to 90 days	**80,436**	212,935
Overdue over 90 days	**313,279**	339,260
	3,585,695	4,114,370

Note: The amount included notes receivables amounting to HK$31,742,000 (2022: HK$144,179,000) are held by the Group for future settlement of trade receivables. All notes receivables received by the Group are with a maturity period of less than one year.

As at 1 January 2022, trade receivables amounted to HK$5,375,584,000.

Credit policy:

Before accepting any new customer, the Group assesses the potential customer's credit quality and pre-sets maximum credit limit for each customer. Limits and credit quality attributed to customers are reviewed regularly. 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 longer.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$747,690,000 (2022: HK$1,163,318,000) that are past due as at the reporting date. Out of the past due balances, HK$313,279,000 (2022: HK$339,260,000) has been past due 90 days or more, and they are not considered as in default. The Group considers the information developed internally or obtained from external sources and considered that the debtors are likely to make payment.

11. TRADE LIABILITIES AND OTHER PAYABLES

	At 31 December	
	2023	2022
	HK$'000	HK$'000
Trade payables	**1,152,276**	1,400,310
Deferred income (Note a)	**144,277**	166,677
Accrued salaries and wages	**245,681**	285,712
Other accrued charges	**513,078**	657,104
Payables arising from acquisition of property, plant and equipment	**45,667**	73,760
Gross obligation to acquire non-controlling interest	**44,140**	44,780
Other payables (Note b)	**218,910**	251,066
	2,364,029	2,879,409

Notes:

(a) The amounts mainly represent the spare credits that grant customers the right to purchase certain amounts of spare parts for free, which are contract liabilities.

As at 1 January 2022, deferred income amounted to HK$155,719,000. The deferred income as at 1 January 2022 and 1 January 2023 were fully recognized as revenue during the year 31 December 2022 and 31 December 2023, respectively.

(b) The amounts mainly represent the value-added tax payable and sundry payables or accruals of operating expenses.

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

	At 31 December	
	2023	2022
	HK$'000	HK$'000
Not yet due	**870,118**	1,013,692
Overdue within 30 days	**192,702**	165,451
Overdue 31 to 60 days	**49,999**	82,488
Overdue 61 to 90 days	**25,443**	67,439
Overdue over 90 days	**14,014**	71,240
	1,152,276	1,400,310

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES

For review of financial performance, the Group has provided adjusted net profit and adjusted earnings per share which are supplementary to the Group's consolidated results in accordance with HKFRS. The Group believes that these additional figures provide our shareholders and investors with useful supplementary information about our ongoing operating performance and facilitates the analysis and comparison of financial trends and results between periods. The adjusted net profit and adjusted earnings per share exclude the impact of restructuring costs which were mainly related to employee severance and benefit arrangements.

The use of these non-HKFRS measures may have certain limitations as a tool for analysis and comparison. Shareholders and investors are advised not to consider these non-HKFRS measures in isolation from, or as a substitute for analysis of, the Group's financial performance as reported under HKFRS. Also, please note that these non-HKFRS measures may be defined differently from similar terms used by other companies.

The following tables highlight the reconciliations of the Group's financial measures prepared in accordance with HKFRS for Q4 2023, Q3 2023 and FY 2023 to the non-HKFRS measures.

	Three months ended 31 December 2023			
		Non-HKFRS adjustments		
	As reported HK$'000 (unaudited)	**Restructuring costs HK$'000 (unaudited)**	**Income tax effect HK$'000 (unaudited)**	**Adjusted HK$'000 (unaudited)**
Profit for the period	**75,679**	**1,110**	**(334)**	**76,455**
Net Profit Margin	**2.2%**			**2.2%**
Profit attributable to owners of the Company	**75,351**	**1,110**	**(334)**	**76,127**
Basic earnings per share (HK$)	**0.18**			**0.18**

	Three months ended 30 September 2023			
		Non-HKFRS adjustments		
	As reported HK$'000 (unaudited)	Restructuring costs HK$'000 (unaudited)	Income tax effect HK$'000 (unaudited)	Adjusted HK$'000 (unaudited)
Profit for the period	12,753	40,444	(7,785)	45,412
Net Profit Margin	0.4%			1.3%
Profit attributable to owners of the Company	14,626	40,444	(7,785)	47,285
Basic earnings per share (HK$)	0.04			0.11

RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES - continued

	Year ended 31 December 2023			
		Non-HKFRS adjustments		
	As reported HK$'000 (audited)	Restructuring costs HK$'000 (unaudited)	Income tax effect HK$'000 (unaudited)	Adjusted HK$'000 (unaudited)
Profit for the year	**711,501**	**41,554**	**(8,119)**	**744,936**
Net Profit Margin	**4.8%**			**5.1%**
Profit attributable to owners of the Company	**715,353**	**41,554**	**(8,119)**	**748,788**
Basic earnings per share (HK$)	**1.73**			**1.82**

Note: There is no corresponding item to be adjusted for the non-HKFRS measures applicable to the Group's results for Q4 2022 and year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the Listing Rules throughout the year ended 31 December 2023.

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises four 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 FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2023 in conjunction with the Company's external auditor.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that an independent professional trustee appointed by the Board under the Company's 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 a total of 361,500 shares in the Company at a total consideration of approximately HK$22.8 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures as set out in the preliminary announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Consequently, no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Miss Orasa Livasiri (Chairman), Mr. John Lok Kam Chong, Mr. Wong Hon Yee, Mr. Eric Tang Koon Hung, Mr. Andrew Chong Yang Hsueh and Ms. Hera Siu Kitwan as Independent Non-Executive Directors, Mr. Benjamin Loh Gek Lim and Mr. Paulus Antonius Henricus Verhagen as Non-Executive Directors, and Mr. Robin Gerard Ng Cher Tat and Mr. Guenter Walter Lauber as Executive Directors.

On behalf of the Board
Robin Gerard Ng Cher Tat
Director

Hong Kong, 27 February 2024

(In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.)