

ADVANCED PACKAGING

先進封裝 • 訂單勢頭強勁

Strong Order Momentum



ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 0522)

2024

INTERIM REPORT 中期報告



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CORPORATE INFORMATION

DIRECTORS

Independent Non-Executive Directors

Orasa Livasiri, *Chairman*
John Lok Kam Chong
Wong Hon Yee
Eric Tang Koon Hung
Andrew Chong Yang Hsueh
Hera Siu Kitwan

Non-Executive Directors

Hichem M'Saad
Paulus Antonius Henricus Verhagen

Executive Directors

Robin Gerard Ng Cher Tat
Guenter Walter Lauber

COMPANY SECRETARY

Kong Choon, Jupiter

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
MUFG Bank, Ltd.
Deutsche Bank

CORPORATE HEADQUARTERS

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REGISTERED OFFICE

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SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
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(In case of any inconsistency, the English version of this Interim Report will prevail over the Chinese version.)

FINANCIAL HIGHLIGHTS

ADVANCED PACKAGING: STRONG ORDER MOMENTUM

Group Financial Highlights for Q2 2024

- Revenue of HK\$3.34 billion (US\$427.3 million), -14.3% YoY and +6.5% QoQ
- Bookings of HK\$3.12 billion (US\$399.3 million), +3.5% YoY and -2.4% QoQ
- Gross margin of 40.0%, -6 bps YoY and -184 bps QoQ
- Operating margin of 4.0%, -587 bps YoY and -360 bps QoQ
- Net profit of HK\$136.7 million, -55.6% YoY and -23.0% QoQ
- Basic earnings per share of HK\$0.33, -56.0% YoY and -23.3% QoQ

Group Financial Highlights for 1H 2024

- Revenue of HK\$6.48 billion (US\$828.7 million), -17.1% YoY and -5.8% HoH
- Bookings of HK\$6.32 billion (US\$808.6 million), -3.6% YoY and +11.0% HoH
- Gross margin of 40.9%, +67 bps YoY and +276 bps HoH
- Operating margin of 5.8%, -512 bps YoY and +212 bps HoH
- Net profit of HK\$314.2 million, -49.6% YoY and +255.2% HoH
- Interim basic earnings per share of HK\$0.76, -50.0% YoY and +245.5% HoH
- Interim dividend per share of HK\$0.35, -42.6% YoY
- Order backlog of HK\$6.40 billion (US\$819.8 million) as of 30 June 2024

Non-HKFRS Measures¹

- Adjusted Net profit of HK\$314.6 million for 1H 2024 (-49.5% YoY and +158.1% HoH), and of HK\$137.1 million for Q2 2024 (-22.7% QoQ and -55.5% YoY)
- Adjusted Basic earnings per share of HK\$0.76 for 1H 2024 (-50.0% YoY and +153.3% HoH), and of HK\$0.33 for Q2 2024 (-23.3% QoQ and -56.0% YoY)

Revenue Guidance for Q3 2024

- US\$370 million to US\$430 million, -9.9% YoY and -6.4% QoQ at mid-point

¹ There were no corresponding Non-HKFRS adjustments in Q2 2023, 1H 2023 and Q1 2024. For more information about the Non-HKFRS Measures, please refer to the section under "Reconciliation of HKFRS Measures to the Non-HKFRS Measures" under Chairman's Statement.

FINANCIAL HIGHLIGHTS (CONTINUED)

	Three months ended 30 June		Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3,342,213	3,900,866	6,480,996	7,818,359
Cost of sales	(2,003,989)	(2,336,741)	(3,828,396)	(4,670,614)
Gross profit	1,338,224	1,564,125	2,652,600	3,147,745
Other income	111,350	28,285	160,436	56,365
Selling and distribution expenses	(373,708)	(405,385)	(732,519)	(795,580)
General and administrative expenses	(294,974)	(257,845)	(552,059)	(499,582)
Research and development expenses	(534,472)	(514,083)	(993,154)	(999,987)
Other gains and losses, net	957	43,450	19,219	19,784
Other expenses	(11,448)	(7,740)	(20,550)	(15,584)
Finance costs	(53,645)	(27,629)	(95,831)	(57,010)
Share of result of a joint venture	11,480	11,494	16,739	22,911
Profit before taxation	193,764	434,672	454,881	879,062
Income tax expense	(57,068)	(126,731)	(140,730)	(255,993)
Profit for the period	136,696	307,941	314,151	623,069
Profit (loss) for the period, attributable to:				
Owners of the Company	135,054	307,489	314,967	625,376
Non-controlling interests	1,642	452	(816)	(2,307)
Profit for the period	136,696	307,941	314,151	623,069
Earnings per share				
— Basic	HK\$0.33	HK\$0.75	HK\$0.76	HK\$1.52
— Diluted	HK\$0.33	HK\$0.74	HK\$0.76	HK\$1.51

CHAIRMAN'S STATEMENT

The Directors of ASMPT Limited are pleased to announce the Group's unaudited results for the six months ended 30 June 2024:

RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$6.48 billion (US\$828.7 million) for the six months ended 30 June 2024, a decline of 17.1% YoY and 5.8% HoH. The Group's consolidated profit after taxation for the first half of 2024 was HK\$314.2 million, a decline of 49.6% YoY but an increase of 255.2% HoH. Basic earnings per share for 1H 2024 was HK\$0.76, a decline of 50.0% YoY but an increase of 245.5% HoH.

DIVIDEND

The Board of Directors of ASMPT Limited (the "Company") has declared an interim dividend of HK\$0.35 (2023: HK\$0.61) per share, payable to shareholders whose names appear on the Register of Members of the Company on 16 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The performance review for the first six months of 2024 will begin with notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

1H 2024 Group Business Highlights

The semiconductor industry in the first half of 2024 was a mixed picture. At one end, there was surging demand in logic and memory primarily driven by the progress of generative AI. However, the general semiconductor market experienced slower than expected recovery due to tepid consumer spending and softening in the industrial and automotive markets.

Against this backdrop, there was strong momentum for the Group's Advanced Packaging ("AP") solutions, which increased its percentage contribution to Group bookings in 1H 2024, mainly from System-in-Package ("SiP"), Thermo Compression Bonding ("TCB") and Photonics solutions.

For the Group's mainstream business, SEMI's mainstream bookings were up HoH, with increasing enquiry levels and customer engagements. However, its order flow has been sporadic and lacking the volumes that would indicate a broader based recovery. SMT maintained its leading market share position even though its bookings remained low due to softening of the SMT market.

The above clearly demonstrates the advantage of the Group's unique and broad-based portfolio. SEMI and SMT follow different business cycles, so a slowdown in one can be compensated by momentum in another. Moreover, the Group's AP and mainstream solutions have exposure to different facets of the industry, which also help the Group navigate through different industry cycles.

CHAIRMAN'S STATEMENT (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1H 2024 Group Business Highlights (Continued)

Advanced Packaging

Driven mainly by the strong demand from generative AI and High-Performance Computing ("HPC") applications, the Group's AP solutions' percentage share of Group revenue for 1H 2024 increased YoY to around 25%, or approximately US\$210 million. AP's highest revenue contribution was from TCB, followed by SiP and Photonics solutions.

For bookings, the Group's AP solutions had strong momentum in 1H 2024 with order flow mainly from SiP, TCB and Photonics solutions. AP bookings showed significant YoY and HoH growth.

TCB: Order momentum continued for the Group's TCB solutions in Q2 2024 for logic applications. The Group won orders for chip-to-wafer ("C2W") applications from its leading IDM and OSAT customers. In addition, joint development with the leading foundry customer for the Group's next generation fluxless TCB solution is on-track. The Group is confident that its fluxless TCB solution will become the preferred choice for ultrafine pitch logic applications.

For chip-to-substrate ("C2S") applications, there was continuous and meaningful order flow from the Group's leading foundry customer and its OSAT partner. The Group remains confident of winning more TCB orders in the rest of the year for C2S applications.

For HBM, ongoing engagements with key HBM players are progressing well for 12H stacking and beyond. The Group won orders for two tools for its next generation fluxless TCB solutions in July 2024 and following these breakthrough wins, its fluxless TCB is gaining more traction in HBM adoption.

TCB has a unique positioning across the market. First, TCB is the key enabling technology to power generative AI computing architecture as logic chips evolve into multi-chip configurations of CPU, GPU and NPU to drive AI applications from the cloud to the edge. These have multiple, larger chip interconnects that require flexible chiplet handling and large die bonding capabilities. Second, fast-growing HBM demand driven by generative AI requirements is accelerating memory stacking from 8H to 12H and above, with more stringent bonding requirements. Coupled with the recent relaxation of HBM package thickness requirements, these trends place TCB technology in the sweet spot to intercept increased demand in the near future. Third, TCB is also well positioned to capitalise on the proliferation of AP in edge servers and edge devices.

These market developments signal an accelerated adoption of TCB, with the Group's TCB solutions enabling the most demanding applications through its best-in-class TCB capabilities. These include placement accuracy of less than 1 micron, fine bump pitch down to 10 microns, large die handling of up to 70x70mm and specifically for HBM applications, handling of thin die thickness of less than 30 microns, and chip gap of below 10 microns.

Hybrid Bonding ("HB"): The Group had yet another major breakthrough in HB. It won maiden orders for its next generation of HB tools, securing orders for two such tools for HBM applications. These wins demonstrate a strong recognition of the Group's technology and competitiveness for this emerging AP solution.

CHAIRMAN'S STATEMENT (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1H 2024 Group Business Highlights (Continued)

Advanced Packaging (Continued)

Photonics: The Group's Photonics solutions are the market leader and saw meaningful order flow in 1H 2024 driven by increased demand for optical transceivers at data centres to meet strong growth in generative AI and 5G networks. In addition, there is increased traction for the Group's Photonics solutions for 800G and higher optical transceivers, with the 2024-2028 CAGR for this market estimated at 31%. This momentum is being driven by major AI players, who require faster transmission speeds, higher bandwidth and lower latency.

SiP: These solutions continued to secure strong order wins in 1H 2024 despite the overall weakness in the SMT market. Demand came mostly from leading global smartphone players for RF modules, from wearables, and from AI and server-related applications.

Automotive

The Group's Automotive end-market applications continued to contribute the highest proportion to 1H 2024 Group revenue, about 24% or approximately US\$200 million. For SEMI, solutions catering to certain niche areas of the automotive supply chain contributed the most to revenue and these included solutions for power and Silicon Carbide modules, and for smart LED headlamps used in high-end vehicles. SMT also contributed strongly by converting its backlog while deftly navigating ongoing softness in the automotive market.

Group Financial Review

(in HK\$ million)	Q2 2024	QoQ	YoY	1H 2024	HoH	YoY
Bookings	3,123.2 (US\$399.3 million)	-2.4%	+3.5%	6,323.1 (US\$808.6 million)	+11.0%	-3.6%
Revenue	3,342.2 (US\$427.3 million)	+6.5%	-14.3%	6,481.0 (US\$828.7 million)	-5.8%	-17.1%
Gross Margin	40.0%	-184 bps	-6 bps	40.9%	+276 bps	+67 bps
Operating Margin	4.0%	-360 bps	-587 bps	5.8%	+212 bps	-512 bps
Adjusted Net Profit	137.1	-22.7%	-55.5%	314.6	+158.1%	-49.5%
Adjusted Net Profit Margin	4.1%	-155 bps	-379 bps	4.9%	+308 bps	-312 bps

1H 2024 Group Financial Review

Group revenue of HK\$6.48 billion (US\$828.7 million) declined 17.1% YoY and 5.8% HoH due to declines in both SEMI and SMT. Group revenue was impacted by the following end markets:

- (i) Despite the softening market, Automotive continued to be the highest revenue contributor to the Group at about 24%, due to the Group's comprehensive range of automotive solutions. SEMI and SMT had similar revenue contributions for Automotive.
- (ii) The Communication market was the second highest revenue contributor to the Group at about 17%, mainly due to high-end smartphone and photonics applications.
- (iii) The Industrial market declined as the market softened, contributing about 14% to Group revenue, mostly from SMT.

CHAIRMAN'S STATEMENT (CONTINUED)**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)****1H 2024 Group Financial Review (Continued)**

By geography, China had stable revenue YoY and its contribution to Group revenue increased from 30% to 36%. Europe and the Americas declined in revenue YoY. Europe's share of Group revenue was down from 30% to 23%, and the Americas from 19% to 17%. Customer concentration risk continued to remain low for the Group as its top five customers accounted for approximately 16% of 1H 2024 revenue.

Group bookings of HK\$6.32 billion (US\$808.6 million) was a small decline of 3.6% YoY but grew 11.0% HoH. SEMI bookings recovered both YoY and HoH with SEMI's book-to-bill ratio above one for 1H 2024. SMT bookings declined due to market softness. The Group ended 1H 2024 with a backlog of HK\$6.40 billion (US\$819.8 million) and a book-to-bill ratio of 0.98.

Group gross margin improved to 40.9% mainly due to SEMI's favourable product mix.

Both operating margin of 5.8% and adjusted net profit of HK\$314.6 million declined YoY due to lower sales. However, both improved significantly on a HoH basis.

As of 30 June 2024, the Group continued to maintain a healthy liquidity position with gross cash and bank deposits totalling HK\$5.44 billion while bank borrowings were at HK\$2.53 billion.

Q2 2024 Group Financial Review

The Group delivered revenue above the mid-point of the guidance previously issued. Revenue of HK\$3.34 billion (US\$427.3 million) was an increase of 6.5% QoQ, mainly due to growth in SEMI, partially offset by decline in SMT. There was strong QoQ revenue growth from AP.

Group bookings of HK\$3.12 billion (US\$399.3 million) were down slightly by 2.4% QoQ, mainly due to a decline in SMT while SEMI registered growth. Bookings were up 3.5% YoY.

Group gross margin of 40.0% was down 184 bps QoQ, mainly due to a decline in SMT while SEMI remained stable.

Operating margin of 4.0% and adjusted net profit of HK\$137.1 million were down QoQ in line with lower gross margin and higher operating expenses mainly due to the timing of provision for incentive shares.

CHAIRMAN'S STATEMENT (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Q2 2024 Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q2 2024	QoQ	YoY	1H 2024	HoH	YoY
Bookings	1,735.5 (US\$221.9 million)	+11.6%	+36.7%	3,291.1 (US\$420.9 million)	+28.1%	+18.7%
Revenue	1,662.2 (US\$212.5 million)	+20.9%	+0.4%	3,037.5 (US\$388.4 million)	-4.1%	-5.0%
Gross Margin	44.5%	-14 bps	+183 bps	44.6%	+668 bps	+72 bps
Segment Profit	87.5	NM	+218.3%	87.7	NM	+33.7%
Segment Profit Margin	5.3%	+526 bps	+360 bps	2.9%	+635 bps	+83 bps

NM: Not Meaningful

SEMI revenue increased 20.9% QoQ to HK\$1.66 billion (US\$212.5 million) in Q2 2024. Revenue performance for SEMI was mainly influenced by the following developments in its Business Units ("BUs"):

- (i) IC/Discrete BU revenue increased QoQ, mainly driven by TCB.
- (ii) Optoelectronics BU revenue increased QoQ, mainly due to photonics and high-end automotive headlamps.
- (iii) CIS BU revenue grew QoQ from a low base, mainly driven by high-end smartphone applications.

SEMI bookings increased 11.6% QoQ to HK\$1.74 billion (US\$221.9 million), driven by strong growth in AP. The book-to-bill ratio continued to remain above one since Q1 2024. In addition, SEMI's quarterly bookings have shown YoY growth since Q4 2023, and registered strong YoY growth of 36.7% in this quarter.

The segment delivered a healthy gross margin of 44.5% due to higher volume and favourable product mix.

CHAIRMAN'S STATEMENT (CONTINUED)
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
Q2 2024 SMT Solutions Segment Financial Review

(in HK\$ million)	Q2 2024	QoQ	YoY	1H 2024	HoH	YoY
Bookings	1,387.7 (US\$177.4 million)	-15.6%	-20.6%	3,032.0 (US\$387.7 million)	-3.1%	-20.0%
Revenue	1,680.0 (US\$214.8 million)	-4.7%	-25.2%	3,443.5 (US\$440.3 million)	-7.2%	-25.5%
Gross Margin	35.6%	-409 bps	-257 bps	37.7%	-70 bps	-6 bps
Segment Profit	190.3	-34.4%	-55.5%	480.4	-8.4%	-47.1%
Segment Profit Margin	11.3%	-512 bps	-774 bps	14.0%	-19 bps	-570 bps

SMT revenue of HK\$1.68 billion (US\$214.8 million) in Q2 2024 declined slightly by 4.7% QoQ, mainly due to softness in the automotive and industrial end-markets, and lower revenues in Europe and the Americas. However, revenue from AP grew QoQ.

In line with the market slowdown, SMT bookings declined 15.6% QoQ to HK\$1.39 billion (US\$177.4 million), mostly from automotive applications. However, SMT continued to maintain its lead in market share.

Segment gross margin was 35.6%, a decline of 409 bps QoQ. Gross margin moderated in Q2 from higher margin in previous quarters due to product mix and volume.

OUTLOOK

The Group continues to remain very positive in the near term about its AP business prospects. However, recovery of SEMI mainstream business is taking longer than anticipated due to tepid consumer spending. Moreover, the SMT business continues to experience a softening market in the near term.

In view of this continuing dynamic situation, the Group expects revenue for Q3 2024 to be between US\$370 million to US\$430 million (-9.9% YoY and -6.4% QoQ at midpoint). The QoQ decline is mainly due to lower revenue from SMT.

Owing to its unique broad-based portfolio, the Group remains optimistic about its prospects and potential for growth over the long term. This confidence is further supported by long-term structural trends of automotive electrification, smart factories, green infrastructure, 5G/6G, IoT, and AI growth across cloud, data centre, 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.

CHAIRMAN'S STATEMENT (CONTINUED)

RESEARCH AND DEVELOPMENT

The Group's continued commitment to investing in research and development ("R&D") across the industry cycles is critical to its objective of remaining at the forefront of technology development. This emphasis on R&D positions the Group well to capitalize on technological breakthroughs required for tapping secular growth opportunities. The Group has prioritized additional investments towards advancement in its R&D capabilities, and these are part of the incremental operating expenditure of around HK\$250 million for 2024 in strategic areas including infrastructure.

With a global workforce of more than 2,600 in R&D, the Group operates several R&D centres worldwide across Asia, Europe and the Americas. For 1H 2024, the Group invested around HK\$1 billion in R&D (1H 2023: about HK\$1 billion). To date, the Group has delivered over 2,000 patents and patent applications.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank deposits as of 30 June 2024 were HK\$5.44 billion (31 December 2023: HK\$4.80 billion). Capital additions during the period amounted to HK\$181.9 million (1H 2023: HK\$227.8 million), which were fully funded by Company's operating cash flow.

As of 30 June 2024, the debt-to-equity ratio was 0.163 (31 December 2023: 0.127). Debts include all bank borrowings. The Group had available banking facilities of HK\$3.41 billion (US\$437.1 million) (31 December 2023: HK\$5.92 billion (US\$758.0 million)) in the form of bank loans and overdraft facilities, of which HK\$1.08 billion (US\$138.4 million) (31 December 2023: HK\$3.58 billion (US\$458.5 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 and Chinese RMB.

The Group had unsecured bank borrowings of HK\$2.50 billion and secured bank borrowings of HK\$0.03 billion as of 30 June 2024 (31 December 2023: unsecured bank borrowings of HK\$2.00 billion), mainly consisting of a variable-rate syndicated loan. The syndicated loan is repayable by instalments till February 2029. The Group uses interest rate swap to mitigate its exposure of the cash flow changes of the variable-rate syndicated loan by swapping HK\$0.50 billion (31 December 2023: HK\$1.75 billion) of the syndicated loan from variable rates to fixed rate. The Group's equity attributable to owners of the Company was HK\$15.43 billion as of 30 June 2024 (31 December 2023: HK\$15.69 billion).

As of 30 June 2024, 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.

CHAIRMAN'S STATEMENT (CONTINUED)**SIGNIFICANT INVESTMENT**

As at 30 June 2024, Advanced Assembly Materials International Limited ("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. Save as disclosed in this report, the 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: | 5,338 ordinary shares in AAMI, representing 49% equity interests in AAMI. The carrying value of the Group's investment in AAMI is HK\$1,669 million. |
| (ii) | Fair value of the investment in AAMI: | HK\$1,860 million |
| (iii) | The investment's size relative to the Group's total assets: | 6.9% |
| (iv) | The performance of the investment in AAMI: | For the six months ended 30 June 2024, the share of results of AAMI was HK\$17 million, and HK\$43 million 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 has fully implemented the ASMPT Global People System (GPS), a global Human Resources Information System ("HRIS"). The second and final phase of the System's global rollout was completed across Europe in July 2024 (phase one, covering Asia and the US, was completed in June 2023). This global HRIS will serve as the Group's primary platform for managing HR processes and ensuring consistency and efficiency in operations worldwide. This initiative underscores the Group's commitment to modernizing and standardizing HR practices across all ASMPT locations.

The Group established two new Women's Chapters in Singapore and China. These chapters aim to empower and support women within the organization, and form part of the Group's continual efforts to enhance the breadth and quality of its Diversity, Equity, and Inclusion (DEI) initiatives.

The Group is committed to recognizing exceptional employee contributions and early this year launched the inaugural SPARKS Awards to recognise and celebrate individuals and teams embodying ASMPT's POWER values across the organisation. The first SPARKS Award Ceremony is scheduled towards the end of 2024.

As of 30 June 2024, total headcount for the Group was approximately 10,800, which excludes some 800 flexi workers and outsourced workers. Of this 10,800, approximately 900 are based in Hong Kong, 5,100 in mainland China, 1,000 in Singapore, 1,100 in Germany, 800 in Malaysia, 500 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 1H 2024 was HK\$2.53 billion versus HK\$2.49 billion over the same period in 2023. The Group continues its commitment to fairly remunerate its employees while manoeuvring through the prolonged semiconductor downcycle with a prudent and measured approach towards managing overall manpower costs.

CHAIRMAN'S STATEMENT (CONTINUED)

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 Hong Kong Financial Reporting Standards ("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 table highlighted the reconciliations of the Group's financial measures prepared in accordance with HKFRS for Q2 2024, 1H 2024 and 2H 2023 to the non-HKFRS measures.

	Three months ended 30 June 2024			
	Non-HKFRS adjustments			
	As reported	Restructuring	Income	Adjusted
	HK\$'000	costs	tax effect	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period	136,696	533	(101)	137,128
Net Profit Margin	4.1%			4.1%
Profit attributable to owners of the Company	135,054	533	(101)	135,486
Basic earnings per share	HK\$0.33			HK\$0.33

	Six months ended 30 June 2024			
	Non-HKFRS adjustments			
	As reported	Restructuring	Income	Adjusted
	HK\$'000	costs	tax effect	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period	314,151	533	(101)	314,583
Net Profit Margin	4.8%			4.9%
Profit attributable to owners of the Company	314,967	533	(101)	315,399
Basic earnings per share	HK\$0.76			HK\$0.76

CHAIRMAN'S STATEMENT (CONTINUED)
RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES (Continued)

Six months ended 31 December 2023

	Non-HKFRS adjustments			Adjusted HK\$'000 (unaudited)
	As reported HK\$'000 (unaudited)	Restructuring costs HK\$'000 (unaudited)	Income tax effect HK\$'000 (unaudited)	
Profit for the period	88,432	41,554	(8,119)	121,867
Net Profit Margin	1.3%			1.8%
Profit attributable to owners of the Company	89,977	41,554	(8,119)	123,412
Basic earnings per share	HK\$0.22			HK\$0.30

Note: There were no corresponding items to be adjusted for the non-HKFRS measures applicable to the Group's results for Q2 2023, 1H 2023 and Q1 2024.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Deloitte.****德勤****TO THE BOARD OF DIRECTORS OF ASMPT LIMITED***(incorporated in the Cayman Islands with limited liability)***INTRODUCTION**

We have reviewed the condensed consolidated financial statements of ASMPT Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 16 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

23 July 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	6,480,996	7,818,359
Cost of sales		(3,828,396)	(4,670,614)
Gross profit		2,652,600	3,147,745
Other income		160,436	56,365
Selling and distribution expenses		(732,519)	(795,580)
General and administrative expenses		(552,059)	(499,582)
Research and development expenses		(993,154)	(999,987)
Other gains and losses, net	5	19,219	19,784
Other expenses		(20,550)	(15,584)
Finance costs	6	(95,831)	(57,010)
Share of result of a joint venture		16,739	22,911
Profit before taxation	4	454,881	879,062
Income tax expense	7	(140,730)	(255,993)
Profit for the period		314,151	623,069
Profit (loss) for the period, attributable to:			
Owners of the Company		314,967	625,376
Non-controlling interests		(816)	(2,307)
Profit for the period		314,151	623,069
Earnings per share	9		
— Basic		HK\$0.76	HK\$1.52
— Diluted		HK\$0.76	HK\$1.51

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period	<u>314,151</u>	<u>623,069</u>
Other comprehensive (expense) income		
<i>Item that will not be reclassified to profit or loss:</i>		
— net fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(405)</u>	<u>2,520</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— exchange differences on translation of foreign operations		
— subsidiaries	(275,329)	(6,798)
— a joint venture	(3,544)	(11,399)
— fair value loss on hedging instruments designated as cash flow hedges	<u>(24,427)</u>	<u>(16,350)</u>
Other comprehensive expense for the period	<u>(303,705)</u>	<u>(32,027)</u>
Total comprehensive income for the period	<u>10,446</u>	<u>591,042</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	12,017	598,272
Non-controlling interests	<u>(1,571)</u>	<u>(7,230)</u>
	<u>10,446</u>	<u>591,042</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,086,907	2,189,566
Right-of-use assets	10	1,969,563	2,046,422
Investment properties		60,199	63,260
Goodwill		966,640	974,918
Intangible assets		1,013,035	1,020,457
Other investments		83,093	84,746
Interest in a joint venture		1,668,536	1,521,245
Deposits paid for acquisition of property, plant and equipment		42,459	13,745
Rental deposits paid		31,625	31,360
Derivative financial instruments		—	177,000
Deferred tax assets		737,440	590,140
Long-term bank deposits		—	2,158
Other non-current assets		5,344	7,030
		8,664,841	8,722,047
Current assets			
Inventories		6,330,210	6,315,473
Trade and other receivables	11	3,799,128	3,972,865
Amounts due from a joint venture and its affiliates		20,828	20,641
Derivative financial instruments		1,628	41,556
Income tax recoverable		22,933	51,107
Other financial assets		—	39,837
Bank deposits with original maturity of more than three months		748,793	365,261
Cash and cash equivalents		4,690,048	4,434,057
		15,613,568	15,240,797
Current liabilities			
Trade liabilities and other payables	12	2,218,628	2,364,029
Advance payments from customers		1,088,356	881,374
Amounts due to a joint venture and its affiliates		13,054	43,061
Derivative financial instruments		17,127	1,246
Lease liabilities		197,237	188,095
Provisions	13	240,450	270,487
Income tax payable		373,980	264,664
Bank borrowings	14	153,444	2,000,000
		4,302,276	6,012,956
Net current assets		11,311,292	9,227,841
		19,976,133	17,949,888

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Capital and reserves			
Share capital	15	41,451	41,451
Dividend reserve		145,077	323,314
Other reserves		<u>15,246,898</u>	<u>15,326,282</u>
Equity attributable to owners of the Company		<u>15,433,426</u>	15,691,047
Non-controlling interests		<u>106,855</u>	<u>112,911</u>
Total equity		<u>15,540,281</u>	<u>15,803,958</u>
Non-current liabilities			
Bank borrowings	14	2,375,000	—
Lease liabilities		1,776,112	1,841,509
Retirement benefit obligations		67,463	65,190
Provisions	13	45,175	47,183
Derivative financial instruments		8,771	—
Deferred tax liabilities		98,997	120,946
Other liabilities and accruals		<u>64,334</u>	<u>71,102</u>
		<u>4,435,852</u>	<u>2,145,930</u>
		<u>19,976,133</u>	<u>17,949,888</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										Attributable to non-controlling interests HK\$'000	Total HK\$'000				
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000	Shares held for share award scheme HK\$'000 (note 16)	Treasury share reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000			Translation reserve HK\$'000	Retained profits HK\$'000	Dividend reserve HK\$'000	Sub-total HK\$'000
At 1 January 2023 (audited)	41,287	1,892,517	—	—	(16,264)	1,007	72,979	(30,497)	249,726	58,720	(1,105,892)	13,791,165	783,758	15,739,506	119,025	15,857,531
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	715,353	—	715,353	(3,852)	711,501
<i>Items that will not be reclassified to profit or loss:</i>																
Remeasurement of defined benefit retirement plans, net of tax	—	—	—	—	—	—	—	—	—	—	—	16,630	—	16,630	—	16,630
Net fair value gain on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	—	2,736	—	—	—	—	—	—	2,736	—	2,736
<i>Items that may be reclassified subsequently to profit or loss:</i>																
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	141,476	—	—	—	141,476	(2,262)	139,214
Fair value loss on hedging instruments designated as cash flow hedges	—	—	—	—	—	—	—	—	—	(43,064)	—	—	—	(43,064)	—	(43,064)
Total comprehensive income (expense) for the year	—	—	—	—	—	—	2,736	—	—	(43,064)	141,476	731,983	—	833,131	(6,114)	827,017
Sub-total	41,287	1,892,517	—	—	(16,264)	1,007	72,979	(27,761)	249,726	15,656	(964,416)	14,523,148	783,758	16,571,637	112,911	16,684,548
Recognition of equity-settled share-based payments	—	—	177,635	—	—	—	—	—	—	—	—	—	—	177,635	—	177,635
Transfer loss to retained profits due to written off the other investment	—	—	—	—	—	—	—	—	—	—	—	(36,359)	—	—	—	(36,359)
Purchase of shares under the Scheme (as defined in note 16)	—	—	—	(22,839)	—	—	—	—	—	—	—	—	—	(22,839)	—	(22,839)
Shares repurchased and cancelled	(37)	(16,227)	—	—	16,264	37	—	—	—	—	(37)	—	—	—	—	—
Shares vested under the Scheme	—	—	(27,203)	22,839	—	—	—	—	—	—	4,364	—	—	—	—	—
Shares issued under the Scheme	201	150,231	(150,432)	—	—	—	—	—	—	—	—	—	—	—	—	—
2022 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	—	(783,758)	(783,758)	—	(783,758)
2023 interim dividend paid	—	—	—	—	—	—	—	—	—	—	—	(251,628)	—	(251,628)	—	(251,628)
2023 special dividend proposed	—	—	—	—	—	—	—	—	—	—	—	(215,543)	215,543	—	—	—
2023 final dividend proposed	—	—	—	—	—	—	—	—	—	—	—	(107,771)	107,771	—	—	—
At 31 December 2023 (audited)	41,451	2,026,521	—	—	—	1,044	72,979	8,598	249,726	15,656	(964,416)	13,916,174	323,314	15,691,047	112,911	15,803,958

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Attributable to owners of the Company											Attributable to non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000 (note 16)	Shares held for share award scheme HK\$'000 (note 16)	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000	Transition reserve HK\$'000	Retained profits HK\$'000			Dividend reserve HK\$'000	Sub-total HK\$'000
1 January 2024 (audited)	41,451	2,026,521	—	—	1,044	72,979	8,598	249,726	15,656	(964,416)	13,916,174	323,314	15,691,047	112,911	15,803,958
Profit for the period	—	—	—	—	—	—	—	—	—	—	314,967	—	314,967	(816)	314,151
Item that will not be reclassified to profit or loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net fair value loss on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	—	(405)	—	—	—	—	—	(405)	—	(405)
Items that may be reclassified subsequently to profit or loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	(278,118)	—	—	(278,118)	(755)	(278,873)
Fair value loss on hedging instruments designated as cash flow hedges	—	—	—	—	—	—	—	—	(24,427)	—	—	—	(24,427)	—	(24,427)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	(405)	—	(24,427)	(278,118)	314,967	—	12,017	(1,571)	10,446
Subtotal	41,451	2,026,521	—	—	1,044	72,979	8,193	249,726	(8,771)	(1,242,534)	14,231,141	323,314	15,703,064	111,340	15,814,404
Recognition of equity-settled share-based payments	—	—	82,520	—	—	—	—	—	—	—	—	—	82,520	—	82,520
Purchase of shares under the Scheme	—	—	—	(35,351)	—	—	—	—	—	—	—	—	(35,351)	—	(35,351)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	1,324	1,324
Arising on acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	6,077	—	—	—	—	6,077	(6,077)	—
Share incentive scheme for subsidiaries	—	—	—	—	—	—	—	430	—	—	—	—	430	268	698
2023 special dividend paid	—	—	—	—	—	—	—	—	—	—	—	(215,543)	(215,543)	—	(215,543)
2023 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	(107,771)	(107,771)	—	(107,771)
2024 interim dividend declared after end of interim period	—	—	—	—	—	—	—	—	—	—	(145,077)	145,077	—	—	—
At 30 June 2024 (unaudited)	41,451	2,026,521	82,520	(35,351)	1,044	72,979	8,193	256,233	(8,771)	(1,242,534)	14,086,064	145,077	15,483,426	106,855	15,540,281

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Attributable to owners of the Company										Total HK\$'000					
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000 (note 16)	Shares held for share award scheme HK\$'000 (note 16)	Treasury share reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000		Translation reserve HK\$'000	Retained profits HK\$'000	Dividend reserve HK\$'000	Sub-total HK\$'000	Attributable to non- controlling interests HK\$'000
At 1 January 2023 (audited)	41,287	1,892,517	—	—	(16,264)	1,007	72,979	(30,497)	249,726	58,720	(1,105,892)	13,791,165	783,758	15,736,506	119,025	15,857,531
Profit for the period <i>Item that will not be reclassified to profit or loss:</i>	—	—	—	—	—	—	—	—	—	—	—	625,376	—	625,376	(2,307)	623,069
Net fair value gain on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	—	2,520	—	—	—	—	—	—	2,520	—	2,520
<i>Items that may be reclassified subsequently to profit or loss:</i>	—	—	—	—	—	—	—	—	—	—	(13,274)	—	—	(13,274)	(4,923)	(18,197)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	(13,274)	—	—	(13,274)	(4,923)	(18,197)
Fair value loss on hedging instruments designated as cash flow hedges	—	—	—	—	—	—	—	—	(16,350)	—	—	—	—	(16,350)	—	(16,350)
Total comprehensive income (expense) for the period	—	—	—	—	—	—	2,520	(27,977)	—	(16,350)	(13,274)	625,376	—	598,272	(7,230)	591,042
Sub-total	41,287	1,892,517	—	—	(16,264)	1,007	72,979	(27,977)	249,726	42,370	(1,119,166)	14,416,541	783,758	16,336,778	111,795	16,448,573
Recognition of equity-settled share-based payments	—	—	65,283	—	—	—	—	—	—	—	—	—	—	65,283	—	65,283
Purchase of shares under the Scheme	—	—	—	(22,839)	—	—	—	—	—	—	—	—	—	(22,839)	—	(22,839)
Shares repurchased in 2022 and cancelled	(37)	(16,227)	—	—	16,264	37	—	—	—	—	—	(37)	—	—	—	—
2022 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	—	(783,758)	(783,758)	—	(783,758)
2023 interim dividend declared after end of interim period	—	—	—	—	—	—	—	—	—	—	—	(251,628)	251,628	—	—	—
At 30 June 2023 (unaudited)	41,250	1,876,290	65,283	(22,839)	—	1,044	72,979	(27,977)	249,726	42,370	(1,119,166)	14,164,876	251,628	15,595,464	111,795	15,707,259

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash generated from operations		1,009,379	1,098,862
Income taxes paid		(175,461)	(338,401)
Net cash from operating activities		833,918	760,461
Net cash used in investing activities			
Deposits paid for acquisition of property, plant and equipment		(42,459)	(30,821)
Purchase of property, plant and equipment		(107,704)	(159,766)
Placement of bank deposits with original maturity of more than three months		(911,174)	(322,200)
Net cash outflow arising on acquisition of subsidiaries		—	(18,359)
Withdrawal of bank deposits with original maturity of more than three months		515,270	234,989
Dividends received from a joint venture		42,904	—
Interest received		69,354	34,515
Other investing cash flows		(20,082)	(52,319)
		(453,891)	(313,961)
Net cash used in financing activities			
Bank borrowings raised	14	2,528,590	—
Repayment of bank borrowings	14	(2,000,000)	(250,000)
Dividends paid		(323,314)	(783,758)
Repayment of lease liabilities		(98,071)	(97,011)
Interest paid		(95,831)	(57,010)
Payment to non-controlling interest to acquire for remaining shares		(42,816)	—
Other financing cash flows		—	(67)
		(31,442)	(1,187,846)
Net increase (decrease) in cash and cash equivalents		348,585	(741,346)
Cash and cash equivalents at beginning of the period		4,434,057	4,262,886
Effect of foreign exchange rate changes		(92,594)	11,621
Cash and cash equivalents at end of the period		4,690,048	3,533,161

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards ("HKFRSs") financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments, other investments, other financial assets and certain financial liabilities which are measured at fair value at the end of reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following 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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION

The Group has two (2023: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2023: 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 the 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 (2023: two) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

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 gain and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, unallocated other gains, and other expenses.

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Segment revenue from external customers		
Semiconductor solutions	3,037,475	3,196,285
Surface mount technology solutions	3,443,521	4,622,074
	<u>6,480,996</u>	<u>7,818,359</u>
Segment profit		
Semiconductor solutions	87,688	65,595
Surface mount technology solutions	480,441	908,265
	<u>568,129</u>	973,860
Interest income	69,354	34,515
Finance costs	(95,831)	(57,010)
Share of result of a joint venture	16,739	22,911
Unallocated other income	10,365	10,925
Unallocated net foreign exchange gain and fair value change of foreign currency forward contracts	17,538	16,458
Unallocated general and administrative expenses	(115,196)	(107,013)
Unallocated other gains	4,333	—
Other expenses	(20,550)	(15,584)
Profit before taxation	<u>454,881</u>	<u>879,062</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)**Segment revenue and results (Continued)**

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

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
China	2,326,312	2,344,444
Europe	1,483,461	2,342,068
— Germany	549,978	733,752
— Hungary	168,709	172,142
— Romania	92,957	183,945
— France	91,182	107,057
— Poland	85,950	79,240
— Netherlands	55,527	101,272
— Austria	43,734	262,582
— Czech Republic	37,219	106,132
— Others	358,205	595,946
Americas	1,089,414	1,481,957
— United States of America	814,781	1,104,206
— Canada	79,482	88,865
— Mexico	78,387	114,628
— Others	116,764	174,258
Malaysia	476,440	480,246
Taiwan	355,625	258,201
Korea	246,987	223,072
Vietnam	95,366	124,786
India	92,731	135,962
Thailand	78,810	171,405
Singapore	75,236	58,799
Philippines	74,047	62,679
Japan	71,685	125,225
Others	14,882	9,515
	6,480,996	7,818,359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	178,036	187,399
Depreciation for right-of-use assets	120,500	109,961
Depreciation for investment properties	2,325	2,450
Amortization for intangible assets	56,613	54,800
Government grants (included in other income)	(8,652)	(9,067)

5. OTHER GAINS AND LOSSES, NET

During the period, included in other gains and losses (net), are mainly net foreign exchange gain and fair value change of foreign currency forward contracts of HK\$17.5 million (for the six months ended 30 June 2023: HK\$16.5 million) and net loss on disposal/write-off of property, plant and equipment of HK\$2.6 million (for the six months ended 30 June 2023: net gain of HK\$3.4 million).

6. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	63,540	49,897
Interest on lease liabilities	36,092	24,759
Others	5,912	3,590
	105,544	78,246
Net gain on interest rate swaps designated as cash flow hedges	(9,713)	(21,236)
	95,831	57,010

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The charge (credit) comprises:		
Current tax:		
Hong Kong	14,983	14,863
People's Republic of China ("PRC") Enterprise Income Tax	93,103	10,978
Germany	96,278	218,308
Other jurisdictions	109,727	43,424
	314,091	287,573
Under(over)provision in prior years	1,537	(12,570)
	315,628	275,003
Deferred tax credit	(174,898)	(19,010)
	140,730	255,993

Current tax:

- (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 six months ended 30 June 2024 and 2023.
- (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% for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE (Continued)

Current tax: (Continued)

- (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% (for the six months ended 30 June 2023: 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% (for the six months ended 30 June 2023: 15.00%) plus 5.50% (for the six months ended 30 June 2023: 5.50%) solidarity surcharge on the corporate income tax for the assessable profit for the period, which derives at tax rate of 15.825% (for the six months ended 30 June 2023: 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 11.148% to 17.150% (for the six months ended 30 June 2023: 11.187% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 26.973% and 32.975% (for the six months ended 30 June 2023: between 27.012% and 32.975%).
- (e) The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in certain European countries such as Germany, Portugal and United Kingdom, Japan, Korea and Vietnam in which the group entities are incorporated. The top-up tax relates to the Group’s operation in Portugal, where the annual effective income tax rate is estimated to be below 15 per cent. Therefore, a top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognized a current tax expense of HK\$9,551,000 related to the top-up tax for the six months ended 30 June 2024 (six months ended 30 June 2023: n/a) which is expected to be levied on group entities. The Group has applied the temporary mandatory exception for recognizing and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.
- (f) 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 temporary differences arising from retirement benefit obligations, provisions, inventories, trade receivables, right-of-use assets and lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

8. DIVIDENDS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Dividend recognized as distribution during the period		
Final dividend for 2023 paid of HK\$0.26 (2023: final dividend for 2022 paid of HK\$1.90) per share on 414,505,433 (2023: 412,504,333) shares	107,771	783,758
Special dividend for 2023 paid of HK\$0.52 per share on 414,505,433 shares	215,543	—
Dividend declared after the end of the interim reporting period		
Interim dividend for 2024 of HK\$0.35 (2023: HK\$0.61) per share on 414,505,433 (2023: 412,504,333) shares	145,077	251,628

The dividend declared after 30 June 2024 will be paid to the shareholders of the Company whose names appear on the Register of Members on 16 August 2024.

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:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	314,967	625,376

	Number of shares (in thousands)	
	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	414,400	412,397
Effect of dilutive potential shares:		
— Employee Share Incentive Scheme	477	394
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	414,877	412,791

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the period, the Group incurred HK\$127.4 million (for the six months ended 30 June 2023: HK\$181.3 million) and HK\$79.2 million (for the six months ended 30 June 2023: HK\$77.2 million) on the acquisition of property, plant and equipment and the addition of right-of-use assets, respectively.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables (<i>Note</i>)	3,287,179	3,585,695
Value-added tax recoverable	189,658	171,577
Other receivables, deposits and prepayments	322,291	215,593
	3,799,128	3,972,865

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 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Not yet due (<i>Note</i>)	2,464,850	2,838,005
Overdue within 30 days	395,432	223,539
Overdue 31 to 60 days	90,176	130,436
Overdue 61 to 90 days	87,411	80,436
Overdue over 90 days	249,310	313,279
	3,287,179	3,585,695

Note: The amount included notes receivables amounting to HK\$85,083,000 (31 December 2023: HK\$31,742,000) 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 30 June 2024, the Group has notes receivables amounting to HK\$28,444,000 (31 December 2023: n/a) that were discounted to a bank with recourse. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a collateralized borrowing. These receivables are carried at amortized cost in the Group's condensed consolidated statement of financial position.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. TRADE LIABILITIES AND OTHER PAYABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade payables	1,151,270	1,152,276
Deferred income (<i>Note a</i>)	121,305	144,277
Accrued salaries and wages	268,456	245,681
Other accrued charges	405,359	513,078
Payables arising from acquisition of property, plant and equipment	51,668	45,667
Gross obligation to acquire non-controlling interest	—	44,140
Other payables (<i>Note b</i>)	220,570	218,910
	2,218,628	2,364,029

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.
- (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 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Not yet due	812,952	870,118
Overdue within 30 days	149,506	192,702
Overdue 31 to 60 days	89,329	49,999
Overdue 61 to 90 days	39,146	25,443
Overdue over 90 days	60,337	14,014
	1,151,270	1,152,276

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. PROVISIONS

The Group's provisions are analyzed for reporting purposes as:

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Current	240,450	270,487
Non-current	45,175	47,183
	285,625	317,670

The Group's provisions mainly comprise warranty provision of HK\$200,054,000 (31 December 2023: HK\$221,897,000). The movements of the warranty provision and restructuring provision are as follows:

	Warranty provision HK\$'000	Restructuring provision HK\$'000
At 1 January 2023 (audited)	282,189	20,923
Currency realignment	2,669	(286)
Additions	104,158	41,554
Utilization	(167,119)	(55,283)
At 31 December 2023 (audited)	221,897	6,908
Currency realignment	(2,153)	53
Additions	57,956	533
Utilization	(77,646)	(4,773)
At 30 June 2024 (unaudited)	200,054	2,721

The warranty provision represents management's best estimate of the Group's liability under the warranty period, mainly for a period of maximum of 2 years for semiconductor solutions and surface mount technology equipment based on management's prior experience.

A subsidiary of the Group was involved in a litigation with a third party in relation to the infringement of a patent for which the High Court ruled in favour of the third party. Hearings at the High Court for the assessment damages were held in two tranches in March 2021 and October 2022 respectively. Thereafter, a series of clarification hearings were held in 2023 and March 2024. In June 2024, the court issued its grounds of decision regarding the amount of damages awarded to the third party. However, both parties filed respective appeals to the Court of Appeal and the hearing of the appeals is scheduled for November 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. PROVISIONS (Continued)

Based on the assessment of damages by the court and the directors' estimate of the expenditure required to settle the Group's obligations in relation to the litigation, a provision of approximately HK\$39,044,000 (31 December 2023: HK\$39,056,000) was made.

The remaining is mainly provision for restoration of right-of-use assets.

14. BANK BORROWINGS

At 30 June 2024, the bank borrowings bear interest at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin per annum (for the six months ended 30 June 2023: HIBOR plus a margin per annum), at an effective interest rate of 5.41% (31 December 2023: 2.91%) per annum. During the six months ended 30 June 2024, the Group repaid bank borrowings of HK\$2,000,000,000 (for six months ended 30 June 2023: HK\$250,000,000). During the six months ended 30 June 2024, the Group obtained new bank borrowings amounting to HK\$2,528,590,000 (for six months ended 30 June 2023: nil).

Included in variable-rate borrowings were bank loans of HK\$500,000,000 (31 December 2023: HK\$1,750,000,000) which were under cash flow hedges. The interest rates for the borrowings are fixed to 4.82% under the interest rate swap contracts with the maturity date on 21 February 2029.

15. SHARE CAPITAL OF THE COMPANY

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
Shares of HK\$0.10 each		
At 1 January 2023	412,872	41,287
Shares repurchased in 2022 and cancelled	(367)	(37)
Shares issued under the Scheme	2,001	201
	<u>414,506</u>	<u>41,451</u>
At 31 December 2023 and 30 June 2024	<u>414,506</u>	<u>41,451</u>

All shares issued in prior years rank pari passu with the then existing shares in issue in all respects.

The authorized share capital of the Company is HK\$50 million, comprising 500 million shares of HK\$0.10 each.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

16. SHARE-BASED PAYMENTS

At the annual general meeting of the Company held on 7 May 2019, the shareholders approved the adoption of an Employee Share Incentive Scheme (the "Scheme") on 24 March 2020 (the "Adoption Date"), under which shares of the Company (the "Awarded Shares") may be allocated or awarded to employees or directors of the Company and its certain subsidiaries as determined by the Board (the "Selected Employees"). Unless otherwise cancelled or amended, the Scheme will remain valid and effective for a period of ten years from the Adoption Date. Details of the Scheme were set out in the Company's circular to shareholders dated 1 April 2019.

During the year ended 31 December 2023, the directors resolved to contribute HK\$181 million to the Scheme, enabling an independent professional trustee appointed by the Board under the Scheme ("Trustee") to subscribe or purchase 2,447,000 shares in the Company for the benefits of certain employees and members of the management of the Group who shall remain in employment within the Group upon the expiration of vesting period on 15 December 2023 (the "2023 Vesting Date"). Thereafter, the Trustee (i) purchased a total of 361,500 shares in the Company on the Stock Exchange, and (ii) subscribed 2,001,100 shares in the Company, prior to the 2023 Vesting Date. On the 2023 Vesting Date, the Trustee transferred 361,500 shares purchased on the Stock Exchange and 1,999,100 subscribed shares to certain Selected Employees who are connected persons and not connected persons of the Company respectively. During the year ended 31 December 2023, 86,400 share entitlements were forfeited and unallocated by the Company, among which 2,000 shares subscribed by the Trustee shall continue to be held on trust by the Trustee as returned shares pursuant to the rules and trust deed of the Scheme.

During the period ended 30 June 2024, the directors resolved to contribute HK\$168 million to the Scheme, and a total of 2,363,900 shares in the Company are expected to be vested in Selected Employees upon the expiration of the next vesting period on 16 December 2024. The Trustee has purchased a total of 338,600 shares in the Company on the Stock Exchange.

The fair values of the shares granted pursuant to the Scheme in 2023 and 2024 were determined with reference to the market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting of the shares.

The Group recognized share-based payments for the six months ended 30 June 2024 amounting to HK\$82,520,000 (for the six months ended 30 June 2023: HK\$65,283,000) in relation to the shares awarded pursuant to the Scheme by the Company, such an amount being determined by the fair values of the shares awarded at the award dates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

16. SHARE-BASED PAYMENTS (Continued)

Movement of the shares awarded to the Selected Employees under the Scheme during the period ended 30 June 2024 are as follows:

Date of award	Vesting period	Number of shares				At 30 June 2024 (Unaudited)
		At 1 January 2024 (Audited)	Awarded on 27 March 2024	Allocated as Awarded Shares during the period	Share lapsed during the period ended 30 June 2024	
27 March 2024	27 March 2024 to 16 December 2024	—	2,363,900	(338,600)	(13,500)	2,011,800

Movement of the shares awarded to the Selected Employees under the Scheme during the year ended 31 December 2023 are as follows:

Date of award	Vesting period	Number of shares					At 31 December 2023 (Audited)
		At 1 January 2023 (Audited)	Awarded on 30 March 2023	Allocated as Awarded Shares during the year	Shares issued and vested on 15 December 2023	Share entitlements forfeited by 15 December 2023	
30 March 2023	30 March 2023 to 15 December 2023	—	2,447,000	(361,500)	(1,999,100)	(86,400)	—

As at 30 June 2024, the total number of outstanding unvested shares awarded to the Selected Employees under the Scheme is 2,350,400 (31 December 2023: nil).

Movement of Awarded Shares purchased by the Trustee is as follows:

	Number of shares purchased '000	Cost of purchase HK\$'000
At 1 January 2023 (audited)	—	—
Shares purchased from the market during the year	362	22,839
Awarded shares vested	(362)	(22,839)
At 31 December 2023 (audited)	—	—
Shares purchased from the market during the period	339	35,351
At 30 June 2024 (unaudited)	339	35,351

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. RELATED PARTY TRANSACTIONS**Compensation of key management personnel**

During the period, the emoluments of directors and other members of key management were HK\$33,267,000 (for the six months ended 30 June 2023: HK\$31,865,000).

Certain shares of the Company were awarded to the key management under the Scheme (see note 16 for details of the Scheme). The estimated fair value of such shares included in the emoluments above amounted to HK\$11,063,000 (for the six months ended 30 June 2023: HK\$8,607,000) for the six months ended 30 June 2024.

Service income and sales to a joint venture and its affiliates

During the period, there are sales of spare parts to a joint venture and its affiliates of HK\$2,009,000 (for the six months ended 30 June 2023: HK\$1,706,000) and rental services of HK\$4,643,000 (for the six months ended 30 June 2023: HK\$5,589,000).

18. ACQUISITION OF SUBSIDIARIES**Acquisition of Beijing Borey Advanced Technology Co., Ltd. ("Borey")**

On 13 April 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Borey, a company based in PRC, at a purchase price of RMB23,500,000 (equivalent to approximately HK\$26,844,000), subject to certain adjustments as set out in the share purchase agreement ("Borey Acquisition"). Borey engages in the surface mount technology electronic assembly equipment. The Borey Acquisition was completed on 28 April 2023 and has been accounted for using the acquisition method.

Acquisition of Soft Rock Technologies Sdn. Bhd. and Tech Rewards Solutions, S. de R.L. de C.V.

During the year ended 31 December 2023, the Group acquired two companies to expand the manufacturing execution software ("MES") business.

On 7 February 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Soft Rock Technologies Sdn. Bhd. ("SRT"), a company based in Malaysia, at a purchase price of MYR7,044,000 (equivalent to approximately HK\$12,921,000), subject to certain adjustments as set out in the share purchase agreement ("SRT Acquisition"). SRT is a software development company with expertise in process and factory automation. The SRT Acquisition was completed on 16 February 2023 and has been accounted for using the acquisition method.

On 12 June 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Tech Rewards Solutions, S. de R.L. de C.V. ("Tech Rewards"), a company based in Mexico, at a purchase price of MXN25,682,000 (equivalent to approximately HK\$11,756,000), subject to certain adjustments as set out in the share purchase agreement ("Tech Rewards Acquisition"). Tech Rewards is a consultancy company with expertise in process and facility automation. The Tech Rewards Acquisition was completed on 4 July 2023 and has been accounted for using the acquisition method.

For details regarding the Borey Acquisition, SRT Acquisition and Tech Rewards Acquisition, please refer to 2023 Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2024 (unaudited)	31 December 2023 (audited)				
Foreign currency forward contracts classified as derivative financial instruments on the condensed consolidated statement of financial position	Asset — HK\$1,628,000 Liability — HK\$17,127,000	Asset — HK\$25,900,000 Liability — HK\$1,246,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Interest rate swaps, designated as for hedging-classified as derivative financial instruments on the condensed consolidated statement of financial position	Liability — HK\$8,771,000	Asset — HK\$15,656,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Other investments (classified as equity instruments at fair value through other comprehensive income ("FVTOCI"))	Asset — HK\$71,668,000	Asset — HK\$72,095,000	Level 3	Market approach is used by comparing the latest transaction prices. Considerations such as time and condition of sale and terms of agreements are analyzed and adjustments are made, where appropriate, to arrive at an estimation of fair value.	The considerations such as time and condition may vary significantly due to difference in timing, condition of sale and terms of agreements, size and nature of similar business to derive the estimated fair value.	The higher the value of similar transactions, the higher the estimation of fair value derived from it, and vice versa.
Other investments (classified as equity instruments at fair value through profit or loss "FVTPL")	Asset — HK\$11,425,000	Asset — HK\$12,651,000	Level 3	Market approach is used by comparing the latest transaction prices. Considerations such as time and condition of sales and terms of agreements are analyzed and adjustments are made, where appropriate, to arrive at an estimation of fair value.	The considerations such as time and condition may vary significantly due to difference in timing, condition of sale and terms of agreements, size and nature of similar business to derive the estimated fair value.	The higher the value of similar transactions, the higher the estimation of fair value derived from it, and vice versa.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)
Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2024 (unaudited)	31 December 2023 (audited)				
Share adjustment on earn-out clause in a joint venture	N/A	Asset — HK\$177,000,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the Group arising from the share adjustment in a joint venture, based on an appropriate discount rate.	A joint venture would meet the amount of earn-out clause by reference to the estimated sale performance and profit forecast.	The higher the amount of forecast profit and enterprise value of a joint venture, the higher the fair value.
Contingent consideration receivable in other financial assets	N/A	Asset — HK\$39,837,000	Level 3	EBIT of a joint venture from 2021 to 2023.	EBIT of a joint venture during 2023 to achieve the EBIT target in shareholders' agreement with the shareholder of a joint venture.	EBIT of a joint venture during 2023.
Contingent consideration for Borey Acquisition	Liability — HK\$14,655,000	Liability — HK\$14,759,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Borey would meet the amount of specified product standards and revenue benchmark by reference to the product road map and sales forecast of Borey that could achieve.	The higher the amount of revenue, the higher the fair value, and vice versa.
Contingent consideration for SRT Acquisition and Tech Rewards Acquisition	Liability — HK\$9,006,000	Liability — HK\$9,213,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	SRT and Tech Rewards would fulfill the requirements of team structure and qualification of employees by reference to the business plan of the Group MES business that could achieve.	The higher probability of fulfilling the requirements, the higher the fair value, and vice versa.

There were no transfers between Level 1, 2 and 3 in both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)
Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)
Reconciliation of Level 3 fair value measurements
Financial assets (financial liabilities)

	Contingent consideration receivable in other financial assets HK\$'000	Share adjustment on earn-out clause in a joint venture HK\$'000	Other investments — equity instruments at FVTOCI HK\$'000	Other investments — equity instruments at FVTPL HK\$'000	Contingent consideration for acquisitions HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	39,765	156,300	38,051	—	—	234,116
Arising on acquisition of subsidiaries	—	—	—	—	(24,126)	(24,126)
Purchase	—	—	31,338	—	—	31,338
Total gain (loss):						
— in other comprehensive income	—	—	2,520	—	—	2,520
— currency realignment	—	—	207	—	1,391	1,598
At 30 June 2023 (unaudited)	<u>39,765</u>	<u>156,300</u>	<u>72,116</u>	<u>—</u>	<u>(22,735)</u>	<u>245,446</u>
At 1 January 2024 (audited)	39,837	177,000	72,095	12,651	(23,972)	277,611
Transfer to interest in a joint venture	—	(177,000)	—	—	—	(177,000)
Settlements and receivables	(39,837)	—	—	—	—	(39,837)
Total (loss) gain:						
— in profit or loss	—	—	—	(1,211)	—	(1,211)
— in other comprehensive income	—	—	(405)	—	—	(405)
— currency realignment	—	—	(22)	(15)	311	274
At 30 June 2024 (unaudited)	<u>—</u>	<u>—</u>	<u>71,668</u>	<u>11,425</u>	<u>(23,661)</u>	<u>59,432</u>

For the six months ended 30 June 2024, a net loss of HK\$405,000 (six months ended 30 June 2023: net gain of HK\$2,520,000) was recognized relating to other investments classified as equity instruments at FVTOCI and was reported as changes of "fair value through other comprehensive income reserve".

The directors consider that the carrying amounts of the other financial assets and financial liabilities recognized of amortized cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

20. COMMITMENTS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	76,616	76,101
Committed fund for investment in other investments	71,055	73,367

OTHER INFORMATION

EMPLOYEE SHARE INCENTIVE SCHEME

The Company has adopted the Employee Share Incentive Scheme (the "Scheme") for the benefit of the Group's employees and members of management. The specific objectives of the Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Scheme was approved by the shareholders of the Company at the Company's annual general meeting held on 7 May 2019, and adopted by the Company on 24 March 2020 (the "Adoption Date"). Under the Scheme, the shares of the Company may be allocated or awarded to employees or directors of the Group as selected by the Board. The Scheme will be valid and effective for a period of ten years commencing from the Adoption Date. As at the date of this report, the remaining life of the Scheme is approximately five years.

Details of the shares awarded under the Scheme in 2024

	Unvested as at 1 January 2024	Date of Award	Closing price immediately before the date of award	No. of issued shares			Unvested as at 30 June 2024	Vesting period
				Awarded during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024	Cancelled during the six months ended 30 June 2024		
Executive Directors								
• Robin Gerard Ng Cher Tat	—	27 March 2024	HK\$98.475 (26 March 2024)	109,700	—	—	109,700	27 March to 16 December 2024
• Guenter Walter Lauber	—	27 March 2024	HK\$98.475 (26 March 2024)	67,300	—	—	67,300	27 March to 16 December 2024
Other Selected Employees	—	27 March 2024	HK\$98.475 (26 March 2024)	2,186,900	13,500	—	2,173,400	27 March to 16 December 2024

Notes:

- No purchase price is payable for the shares awarded under the Scheme.
- The number of shares available for grant under the Scheme mandate at the beginning and the end of the six months ended 30 June 2024 were 30,828,033 shares and 28,477,633 shares respectively.
- During the six months ended 30 June 2024, no shares were vested.
- During the six months ended 30 June 2024, the shares awarded to each employee, including Executive Directors and the senior management, were determined by having regard to factors such as his/her position, experience, years of service and contributions and performance in the Group during the preceding year. The Remuneration Committee believes that the awarded shares align the interests of the employees with those of the Group through the ownership of shares, dividends and other distributions paid on the shares and/or the increase in value of the shares, and encourage and retain the employees to make contributions to the long-term growth and profits of the Group. To promote retention, the vesting conditions and the terms of the Scheme have further provided for lapsing of the awarded shares if the employees cease to be employees prior to the vesting date.

Further details of the Scheme are set out in note 16 to the consolidated financial statements.

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN SHARES

Details of the interests of the directors and chief executives of the Company and their associates in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as at 30 June 2024 as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions

Shares of HK\$0.10 each of the Company:

Name of director	Capacity	Number of shares held	Percentage of shareholding in the Company
Robin Gerard Ng Cher Tat	Beneficial owner	500,900 <i>(Note 1)</i>	0.12%
Guenter Walter Lauber	Beneficial owner	147,300 <i>(Note 2)</i>	0.04%

Notes:

- The 500,900 shares included an entitlement of 109,700 shares allocated to Mr. Ng by the Company on 27 March 2024 pursuant to the Scheme, which will vest upon the expiration of the vesting period on 16 December 2024. Pursuant to the Scheme, no purchase price was payable by Mr. Ng in relation to this allocation.
- The 147,300 shares included an entitlement of 67,300 shares in the Company allocated to Mr. Lauber on 27 March 2024 pursuant to the Scheme, which will vest upon the expiration of the vesting period on 16 December 2024. Pursuant to the Scheme, no purchase price was payable by Mr. Lauber in relation to this allocation.

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2024, the following persons (other than the interests disclosed above in respect of directors or chief executives of the Company) had interests or short positions in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Percentage of shareholding in the Company ^(Note 6)
ASM International N.V.	Interest of a controlled corporation	103,003,000 (L) ^(Note 2)	24.85% (L)
ASM Pacific Holding B.V.	Beneficial owner	103,003,000 (L) ^(Note 2)	24.85% (L)
FIL Limited	Interest of controlled corporations	41,208,068 (L) ^(Note 3)	9.94% (L)
Pandanus Associates Inc.	Interest of a controlled corporation	41,208,068 (L) ^(Note 3)	9.94% (L)
Pandanus Partners L.P.	Interest of a controlled corporation	41,208,068 (L) ^(Note 3)	9.94% (L)
Brown Brothers Harriman & Co.	Agent	33,311,181 (L) ^(Note 4)	8.04% (L)
		33,311,181 (P) ^(Note 4)	8.04% (P)
Fidelity Funds	Beneficial owner	29,634,300 (L)	7.15% (L)
JPMorgan Chase & Co.	Interest of controlled corporations	1,682,275 (L)	
		Investment manager	2,764,916 (L)
	Person having a security interest in shares	1,814,954 (L)	
	Trustee	1,848 (L)	
	Approved lending agent	17,315,454 (P)	
		23,579,447 (L) ^(Note 5)	5.68% (L)
	Interest of controlled corporations	1,160,630 (S) ^(Note 5)	0.28% (S)

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (Continued)

Notes:

1. (L) — Long Position, (S) — Short Position, (P) — Lending Pool
2. ASM International N.V. was deemed to be interested in 103,003,000 shares, through the shares held by its wholly-owned subsidiary, ASM Pacific Holding B.V.. Thus, their respective shareholdings represented the same block of shares.
3. Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 37.01% shareholding interest in FIL Limited. FIL Limited was deemed to be interested in these 41,208,068 shares of the Company through a series of subsidiaries. Accordingly, Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited were deemed to be interested in these shares pursuant to the SFO.
4. Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by Brown Brothers Harriman & Co. on 14 July 2022, Brown Brothers Harriman & Co. was deemed to be interested in 33,311,181 shares (L) and 33,311,181 shares (P).
5. Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by JPMorgan Chase & Co. on 16 May 2024, JPMorgan Chase & Co. was deemed to hold a total of 23,579,447 shares (long position) and 1,160,630 shares (short position) in the Company by virtue of its control over a number of companies. The equity interests of JPMorgan Chase & Co. in the Company included a lending pool of 17,315,454 shares. Besides, 770,140 shares (long position) and 1,007,810 shares (short position) were held through derivatives as follows:
 - 18,000 shares (short position) — through cash settled listed derivatives
 - 105,740 shares (long position), 75,682 (short position) — through physically settled unlisted derivatives
 - 664,400 shares (long position), 914,128 shares (short position) — through cash settled unlisted derivatives
6. The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2024, being 414,505,433 shares.

Save as disclosed above, as at 30 June 2024, according to the register required to be kept by the Company under Section 336 of the SFO, there was no other person who had any interest or short position in the shares or underlying shares of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2024.

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

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules. Specific enquiry has been made to all directors of the Company, and all of the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

OTHER INFORMATION (CONTINUED)

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 the 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2024 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 2024, 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 Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on the Stock Exchange a total of 338,600 shares in the Company at a total consideration of approximately HK\$35.2 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed from 14 August 2024 to 16 August 2024, 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 share certificates, must be lodged with 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 13 August 2024. The interim dividend will be paid on or about 30 August 2024.

CHANGE IN INFORMATION OF DIRECTOR

Below is a change in other information of a Director required to be disclosed pursuant to Rule 13.51B(1) under the Listing Rules since the publication of the last annual report of the Company:

	Effective Date
Eric Tang Koon Hung EGL Holdings Company Limited — ceased to be independent non-executive director	31 May 2024

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