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## **ASM PACIFIC TECHNOLOGY LIMITED**

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

**(Stock Code : 0522)**

### **ANNOUNCEMENT OF UNAUDITED 2011 FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2011**

#### **Acquisition Drove ASM's Turnover To New Height**

- \* **Record Group turnover of US\$433.7 million, a surge of 89.6% over same period last year and a sequential growth of 27.9% against Q4 2010**
- \* **Net profit of HK\$675.5 million and earnings per share of HK\$1.71, a surge of 44.8% over same period last year and a decline of 20.1% over the preceding quarter**
- \* **Assembly and packaging equipment turnover of US\$246.7 million, achieving growth of 34.3% over Q1 2010 and a decline of 14.3% against the preceding three months**
- \* **Lead frame turnover of US\$45.3 million, a decline of 11.8% against the preceding three months and a slight growth of 0.4% over same period last year**
- \* **SMT equipment turnover of US\$141.7 million, contributing to 32.7% of the Group's turnover**
- \* **New order bookings of US\$444.4 million, a sequential growth of 147.9% over the preceding quarter**
- \* **Retained the world's No. 1 position in the assembly and packaging equipment industry held since 2002**
- \* **Record cash on hand of HK\$3.3 billion at the end of March 2011**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the three months ended 31 March 2011:

## **RESULTS**

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") achieved a turnover amounting to HK\$3.4 billion in the three months ended 31 March 2011, representing an increase of 89.6% as compared with HK\$1.8 billion for the first quarter of 2010 and an increase of 27.9% against the preceding quarter. The Group's consolidated profit after taxation for the first quarter of 2011 was HK\$675.5 million as compared to a profit of HK\$466.4 million in the corresponding period in 2010 and a profit of HK\$844.9 million in the previous quarter. Basic earnings per share (EPS) for the first quarter of 2011 amounted to HK\$1.71 (first quarter of 2010: HK\$1.18, fourth quarter of 2010: HK\$2.14).

# FINANCIAL HIGHLIGHTS

## Three months ended 31 March

2011	2010
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Notes

<b>Turnover</b>	1	<b>3,377,472</b>	1,781,371
Cost of sales		<b>(2,081,198)</b>	(967,051)
<b>Gross profit</b>		<b>1,296,274</b>	814,320
Other income		<b>4,460</b>	1,311
Selling and distribution expenses		<b>(184,458)</b>	(132,797)
General and administrative expenses		<b>(89,576)</b>	(46,718)
Research and development expenses		<b>(193,992)</b>	(99,216)
Other gains and losses		<b>(23,743)</b>	4,360
Finance costs		<b>(839)</b>	(1)
<b>Profit before taxation</b>		<b>808,126</b>	541,259
Income tax expense		<b>(132,676)</b>	(74,903)
<b>Profit for the period</b>		<b>675,450</b>	466,356
Exchange differences on translation of foreign operations, representing other comprehensive income for the period		<b>96,110</b>	8,776
<b>Total comprehensive income for the period</b>		<b>771,560</b>	475,132
<b>Earnings per share</b>	3		
- Basic		<b>HK\$1.71</b>	HK\$1.18
- Diluted		<b>HK\$1.70</b>	HK\$1.18

Notes:

### 1. Turnover by business segments

## Three months ended 31 March

2011	2010
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Turnover			
Assembly and Packaging Equipment		<b>1,921,389</b>	1,430,351
Surface Mount Technology Equipment		<b>1,103,483</b>	-
Lead Frame		<b>352,600</b>	351,020
		<b>3,377,472</b>	1,781,371

**2. An analysis of the Group's turnover and Earning before Interest and Tax (EBIT) by Business is as follow:**

	<b>Three months ended 31 March 2011</b>		
	<b>Existing Business (Note a) HK\$'000</b>	<b>Newly Acquired Business (Note b) HK\$'000</b>	<b>Total HK\$'000</b>
Turnover	<b>2,273,989</b>	<b>1,103,483</b>	<b>3,377,472</b>
EBIT	<b>705,664</b>	<b>99,202</b>	<b>804,866</b>
EBIT %	<b>31.0%</b>	<b>9.0%</b>	<b>23.8%</b>

Note a: Existing Business: Assembly and Packaging Equipment and Lead Frame

Note b: Newly Acquired Business: Surface Mount Technology Equipment

**3. Earnings per share**

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

	<b>Three months ended 31 March</b>	
	<b>2011 (Unaudited) HK\$'000</b>	<b>2010 (Unaudited) HK\$'000</b>
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	<b>675,450</b>	<b>466,356</b>
	<b>Number of shares (in thousand)</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>396,119</b>	<b>394,392</b>
Effect of dilutive potential shares from the Employee Share Incentive Scheme	<b>67</b>	<b>106</b>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>396,186</b>	<b>394,498</b>

## REVIEW

The first quarter of 2011 is a landmark quarter for ASM. It marks the first time that the results of its newly-acquired surface mount technology (“SMT”) equipment business are consolidated into the results of the Group. During the first quarter, revenue of the Group achieved a strong surge of 89.6% to US\$433.7 million from the same period a year ago and increased by 27.9% against the preceding quarter. The strong result is partly attributable to the SMT equipment business. We are thrilled that ASM is forging a new era of growth!

During the first quarter, assembly and packaging equipment revenue increased by 34.3% to US\$246.7 million from the same period a year ago although it decreased by 14.3% from the preceding quarter due to seasonal factors. Assembly and packaging equipment revenue contributed to 56.9% of the Group’s turnover. Our lead frame revenue was US\$45.3 million for the first quarter of 2011. This represents a decrease of 11.8% sequentially over the preceding quarter but is generally at the same level as the corresponding quarter last year. Lead frame revenue contributed to 10.4% of the Group’s turnover. SMT equipment revenue was US\$141.7 million, contributing to 32.7% of the Group’s turnover.

Revenue in the first quarter reflected normal seasonal fluctuation of the market. The strong backlog that we enjoyed at the end of last year across all our products enabled ASM to achieve strong billings in the first quarter. It is encouraging that the contribution from the SMT equipment business is both immediate and significant. The SMT equipment business has boosted the revenue of the Group by 48.5%. Not only has the SMT equipment business contributed significantly to our top line, it has also improved our bottom line during the first quarter.

The SMT equipment business unit achieved a net profit of HK\$70.0 million in the first quarter of 2011, with gross margin of 27.8% and EBIT (Earnings before Interest and Tax) margin of 9.0%. Its contribution lifted profitability of the Group by 11.6%. During the first quarter, more billings were realized in Europe, where customers have a greater preference for our high-performance SX series machines.

With the significant improvement in cost structure achieved by the SMT equipment business unit over the past two years even before the acquisition took place, the operating expenses of the combined operations are at healthy levels. During the first quarter, Group Research and Development (“R&D”) expenses and Selling, General and Administrative (“SG&A”) expenses comprised 5.7% and 8.1% of the Group’s total turnover respectively.

By geographical distribution, China (47.3%), Europe (17.7%), Malaysia (7.9%), Taiwan (6.7%) and South Korea (4.2%) are now the top five markets for ASM in the first quarter of 2011. Overall, activity levels in all the territories in which we operate remain fundamentally strong. Whilst ASM has always had a strong presence in the Asian region, with China, Taiwan, Malaysia and South Korea previously its largest markets, the addition of the SMT equipment business has increased ASM’s market presence in Europe and the Americas. It is evident that the acquisition has enhanced ASM’s global reach in the marketplace.

Demand for assembly and packaging equipment remains strong. However, the integrated circuit and discrete market segments continue to show stronger momentum than the LED market segment in the first quarter. As expected, bookings rebounded strongly in the first quarter when customers’ new capital expenditure budgets for 2011 were made available. New order bookings amounted to US\$444.4 million, representing a significant improvement of 147.9% over the preceding three-month period. The book-to-bill ratio for the Group for the first quarter of 2011, representing net bookings over billings, was 1.02. Excluding the SMT equipment business, the book-to-bill ratio rebounded strongly from 0.53 in the preceding quarter to 0.9 in this quarter.

In the SMT equipment market, we experienced strong demand from Europe. Although Asia, in particular China, had led the recovery after the last financial crisis, the SMT equipment market in Europe has continued to show robust recovery since the second half of 2010. With its strong market position in Europe, ASM is benefiting from this positive market environment. During the first quarter, the book-to-bill ratio for our SMT equipment business was at 1.28.

As of 31 March 2011, the order backlog amounted to US\$593.9 million, a slight increase of 1.5% from the level at the start of the year due to the strong bookings of SMT equipment.

Capital addition during the period amounted to HK\$187.6 million, which was partially funded by this quarter's depreciation of HK\$90.4 million.

Cash on hand as of 31 March 2011 was HK\$3.3 billion, which was HK\$1.2 billion higher than three months ago. Of this amount, approximately HK\$1.25 billion was attributable to the SMT equipment business unit. Whilst the purchase consideration to be paid to Siemens AG for the acquisition of the SMT equipment business is still being finalized, we estimate that it may be in the range of HK\$800 million to HK\$900 million. This amount will be adjusted by the seller's fund of €9 million contributed by Siemens AG. Under the sale and purchase agreement, the net purchase consideration is payable in the second quarter of 2011, unless there is disagreement between the parties in relation to the payment items and/or the amounts thereof.

We are still in the process of assessing the fair value of the identifiable assets and liabilities of the SMT equipment business. We expect to recognize the goodwill or gain from bargain purchase in the consolidated financial statements, if any, in relation to the acquisition of the SMT equipment business by the third quarter of 2011.

## **PROSPECTS**

The semiconductor industry appears to be on an upward trend. The global outlook for 2011 is generally favourable. After the remarkable growth spurt in 2010, analysts are predicting a moderate single-digit revenue growth in the semiconductor industry in 2011. Hot segments such as portable devices, including smart phones and media tablets, continue to generate strong demand for semiconductors. Other less-acclaimed segments such as the automotive and industrial markets are also generating encouraging semiconductor sales. As such, there are grounds for cautious optimism for the rest of 2011. In fact, bookings for all three major segments of our business, namely assembly and packaging equipment, lead frames and SMT equipment, have remained at very encouraging levels during the first quarter of this year.

The extensive damage caused by the recent earthquake in north-eastern Japan, which also resulted in a tsunami and nuclear crisis, posts a great deal of uncertainty for the market in the immediate future. It has led to supply disruptions and concerns about a slowdown in the electronic products market, but its effects should not be too serious unless the disruptions persist for a long period of time. Generally, it is thought unlikely that the negative impact to the electronic industry will continue beyond the near-term. When the crisis ends, the subsequent rebuilding activities may yet contribute to a rebound that will serve to stimulate future growth of the world economy. Another uncertainty arises from the recent spike in global oil prices, and this may threaten the health of the world economy if the situation worsens.

ASM has achieved success in the diversification of its products and application markets, building an efficient cost structure and successfully introducing technologically-advanced new products that meet customers' critical requirements. These factors have consistently given ASM a strong competitive advantage over its peers.

The solid foundation that ASM has established over the years through its organic operations is now complemented by its progressive growth through acquisition. From the evidence so far, ASM is benefitting from the new acquisition of its SMT equipment business. Based upon this, it is anticipated that ASM will achieve solid revenue growth this year as the synergies with the new business are increasingly being forged. Our strong management team and sound business strategies will be tested again in our efforts to grow the SMT equipment business. We are optimistic about the long-term future of the electronics industry, and we are focused on being responsive to the needs of the market and to capture the emerging market opportunities.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2011.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Peter Lo Tsan Yin (Vice Chairman), Mr. Lee Wai Kwong and Mr. James Chow Chuen as Executive Directors, Mr. Petrus Antonius Maria van Bommel and Mr. Charles Dean del Prado as Non-Executive Directors and Miss Orasa Livasiri, Mr. Robert Lee Shiu Hung and Mr. John Lok Kam Chong as Independent Non-Executive Directors.

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

Hong Kong, 27 April 2011