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ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

Announcement Of 2022 Audited Results For The Year Ended 31 December 2022

Q4 2022 Revenue Above Guidance 7th Consecutive Quarter Of >40% Gross Margin

Group Financial Highlights for Q4 of 2022

- * Revenue of HK\$4.33 billion (US\$553.1 million), -30.2% YoY and -5.1% QoQ
- * Bookings of HK\$3.12 billion (US\$398.0 million), -40.6% YoY and -14.0% QoQ
- * Gross margin of 41.4%, +8 bps YoY and +55 bps QoQ
- * Operating margin of 13.7%, -633 bps YoY and -74 bps QoQ
- * Net profit of HK\$266.6 million, -70.7% YoY and -56.8% QoQ
- * Basic earnings per share of HK\$0.65, -70.7% YoY and -56.7% QoQ

Group Financial Highlights for FY 2022

- * Revenue of HK\$19.36 billion (US\$2.47 billion), -11.8% YoY
- * Bookings of HK\$18.44 billion (US\$2.36 billion), -29.4% YoY
- * Gross margin of 41.1%, +55 bps YoY
- * Operating margin of 16.7%, -216 bps YoY
- * Net profit of HK\$2.62 billion, -17.5% YoY
- * Basic earnings per share of HK\$6.36, -17.6% YoY
- * Order backlog of HK\$8.98 billion (US\$1.15 billion) as of 31 December 2022
- * Full Year 2022 dividend per share of HK\$3.20, -17.9% YoY

Revenue Guidance for Q1 2023

- * US\$455 million to US\$525 million

The Directors of ASMPT Limited are pleased to deliver the following announcement of audited results for the year ended 31 December 2022:

RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the “Group” or “ASMPT”) delivered revenue of HK\$19.36 billion (US\$2.47 billion) for the fiscal year ended 31 December 2022, which was 11.8% lower year-on-year (“YoY”) than the preceding year’s revenue. The Group’s consolidated profit after taxation for the year was HK\$2.62 billion, a decrease of 17.5% YoY. Basic earnings per share (“EPS”) for the year amounted to HK\$6.36 (2021: HK\$7.72).

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

The Group has a dividend policy of giving around 50% of its annual profits as dividends and firmly believes in returning excess cash to its shareholders. After considering its short-term needs and cash on hand, the Board of Directors has resolved to recommend to shareholders the payment of a final dividend of HK\$1.90 (2021: final dividend of HK\$2.60) per share. Together with the interim dividend of HK\$1.30 (2021: HK\$1.30) per share paid in August 2022, the total dividend payment for year 2022 will be HK\$3.20 (2021: HK\$3.90) per share.

The proposed final dividend of HK\$1.90 per share, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 9 May 2023 (“2023 AGM”), is to be payable on 31 May 2023 to shareholders whose names appear on the Register of Members of the Company on 17 May 2023.

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

- (i) from 5 to 9 May 2023, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2023 AGM. In order to be eligible to attend and vote at the 2023 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 4 May 2023; and
- (ii) from 16 to 17 May 2023, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited at the abovementioned address, not later than 4:00 p.m. on 15 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Business Review

Before diving into our review of financial year 2022, it is necessary to acknowledge the collective contribution from the entire ASMPT team around the world. With their dedication, commitment, perseverance, and focus on customers, the Group managed to record its second-highest annual revenue and bookings¹, coming on the heels of the record performance during the ‘super-cycle’ of 2021. This commendable performance was achieved despite challenging macroeconomic conditions that characterised 2022.

Our 2022 review will begin with a commentary on noteworthy business highlights. This will be followed by a financial review of the Group and its Segments, namely the Semiconductor Solutions Segment (“SEMI”) and SMT Solutions Segment (“SMT”).

Unique, Broad-based Portfolio Mitigates Macroeconomic and Semiconductor Downturn Impact

In 2022, the combined impact from geopolitical conflicts, ongoing trade tensions, sporadic COVID-19 restrictions, and persistent inflationary pressure served to also drive a steeper than anticipated semiconductor downturn as overall consumer sentiment became dampened. Despite this, the Group’s unique broad-based portfolio enabled the Group to partially mitigate decline in SEMI revenue via growth in SMT revenue. The Group’s SMT business in 2022 achieved a record for annual revenue, powered by strong demand in the Automotive and Industrial markets. SMT’s annual percentage share of Group bookings also achieved a record in 2022, reflecting the Group’s resilience in a semiconductor down-cycle.

SMT – Stellar Performance

SMT’s record annual revenue performance in 2022 was due to its strong presence in the Automotive and Industrial end market applications. SMT’s Automotive and Industrial end markets contributed close to half of SMT’s total revenue for 2022, fuelled in no small measure by strong demand for its high-end placement and printing tools, mostly from Europe and the Americas. This stellar performance gives the Group confidence that its SMT market share surpassed its competitors in 2022.

Automotive – Record Revenue

The Group’s comprehensive range of Automotive solutions are gaining traction by addressing both current and future market needs.

In terms of solutions, the Group’s laser singulation, sintering and SMT placement solutions saw demand growth with more top-tier customers added. Notably, the Group’s laser singulation and sintering solutions are the process of record (“POR”) for Silicon Carbide (“SiC”) related applications in the Automotive market.

The Group’s solutions have been increasingly serving pure Electric Vehicle (“EV”) players, including fast-growing Chinese EV players with its relevant suite of solutions.

¹ Excludes contribution from Materials business, which has been deconsolidated and equity accounted for since 29 December 2020

MANAGEMENT DISCUSSION AND ANALYSIS - continued

On the back of fast-growing Automotive electrification trends, the Group's Automotive end market applications contributed a record of approximately US\$515 million to its 2022 revenue, a growth of about 20% YoY. Automotive end market applications also registered the highest proportion of Group revenue at about 21%.

Looking ahead, the Group estimates that the addressable market for Automotive end market applications will grow from approximately US\$2.0 billion in 2023 to US\$2.9 billion in 2027, representing a compounded annual growth rate ("CAGR") of about 10%.

Advanced Packaging – Packing A Punch

The Group has possibly the industry's most comprehensive suite of Advanced Packaging ("AP") solutions spanning both SEMI and SMT. The Group's AP solutions enjoyed robust demand through 2022, contributing approximately US\$500 million, or about 20% of the Group's overall revenue. This proportion has held steady YoY. In the longer term, the Group estimates that its addressable market for AP will progressively expand from approximately US\$1.5 billion in 2023 to US\$2.5 billion in 2027, a CAGR of about 13%. Over the same period, Group is confident of gradually growing its market share of this expanding addressable market.

Some meaningful developments within the Group's diverse AP solutions are highlighted below:

Thermo-Compression Bonding ("TCB") – Continued Upside Momentum

As the established market leader for TCB, the Group is expected to convert a significant proportion of its more than US\$100 million TCB order backlog in 2023. The Group has received repeat TCB orders for High Bandwidth Memory ("HBM") with a healthy demand forecast going forward.

Looking ahead, the Group is deep into the development of the next generation of green, ultra-fine pitch, chip-to-wafer TCB tools, with strong support from its leading logic IDM and foundry customers. The green innovations involve developing environmentally friendlier processes; collectively these advancements will expand the served available market for leading-edge advanced nodes and Heterogeneous Chiplet Integration in the semiconductor packaging and assembly market. The Group expects these advanced TCB tools to be delivered starting from first quarter of 2023 for customers' qualification. In terms of a competitive edge, the Group's TCB solution can achieve high placement accuracy below 1 micron.

These advanced TCB tools will also address total cost of ownership ("TCO") challenges in the domain being served by nascent Hybrid Bonding ("HB") technology. Basically, the TCO for TCB processes significantly outperforms HB in many niche applications. For such applications, TCB technology can fill this 'sweet spot' for bump pitch requirements (generally close to 10 microns). Looking ahead, the Group is confident that its TCB tools will experience long-term structural growth amid heightened demand for heterogeneous integration ("HI") requirements in the industry.

HB Tools – Developments on Track

Based on the industry's application and process learning thus far, the market demand and requirements for HB tools are still evolving, with more stringent requirements for higher yields, throughput, and placement accuracy. The Group's HB development roadmap is factoring in these evolving dynamics to develop and deliver leading edge solutions that are aligned with its customers' HVM ramp-up. Bearing this in mind, the Group's HB tools remain on track to deliver qualification tools to leading customers in US and Asia for logic and other types of applications.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Panel Electrochemical Deposition (“ECD”) Tools – Leading the Pack

The Group has a dominant market share of the panel ECD tools market, with worldwide deployment of multiple panel ECD tools in several High Volume Manufacturing (“HVM”) sites driven primarily by High Performance Computing (“HPC”) needs. Notably, the Group’s Malaysia operations for these tools have started shipping modules, bringing these operations closer to the Group’s customers in Asia.

As large and sophisticated chip architectures proliferate, there is a growing demand for advanced substrates with larger form factors and finer line/space. With these substrate panels several times the size of wafer sized carriers, more productive and cost competitive fan out packaging options become possible. The Group’s leading panel ECD tools are used in Panel Level Packaging and panel plating for HI packaging, with these tools also providing a unique plating advantage that enables line /space below 10 microns.

Advanced Display and Silicon Photonics (“SiPh”) Tools – Gaining Traction Through Innovation

Supported by the growing demand for seamless, large-sized displays, the Mini and Micro LED RGB display market is expanding. Here, the Group’s advanced display tools continue to make inroads. The Group’s Mini LED solutions have helped speed up mass market penetration for advanced displays, while its Micro LED solutions are edging closer to eventual mass market adoption, with promising new areas of opportunity including AR and ‘near-eye’ displays. Here, the Group’s leading-edge advanced display solution boasting ‘fungibility’ between mass transfer and mass bonding capabilities is already primed to meet the HVM needs for Micro LED. Overall, the Group is well-positioned to gain market share in advanced displays.

SiPh has enabled solutions offering high data-rate advancement and power effectiveness for cloud computing using laser-optical-fibres. The Group’s AMICRA tools are the market leading system with 0.2-micron placement capability and suitability for all high-end manufacturing needs for both SiPh and Co-Packaged Optic devices such as optical transceivers and photonic engines. Such tools are also being utilised by leading tier-one players for optical communication and the Group is confident of continued market traction in this growing segment.

System-in-Package (“SiP”) SMT Printing & Placement – Dominating the Market

Fuelled by the proliferation of 5G, smartphones and high-end wearables, the Group’s market-leading SiP placement tools experienced robust demand. Secular trends are expected to continue driving customers’ long term capital investment plans in this important area for SiP applications. Looking ahead, a new chip assembly solution will be introduced to the market in 2023 in response to customer requirements for high-speed and high-accuracy die placement solutions.

Laser Singulation – On Strong Growth Path

The Group’s laser singulation market share gains have been gathering pace over the last few years, fuelled by accelerating demand for more complex chip architectures with challenging requirements. These have rendered laser singulation tools increasingly the POR, replacing conventional blade dicing processes.

The Group’s product and technology roadmap for laser singulation is closely aligned with leading IDMs and it believes its next generation laser singulation tools will deliver longer term revenue contribution of at least US\$100 million annually. Also, in line with strong market demand signals, the Group has ramped up its production capacity to deliver tools from its Singapore operations, thus bringing production closer to many of its key customers.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Continued Growth From AAMI (JV)

Advanced Assembly Materials International Limited (“AAMI”) delivered a record performance in 2022. AAMI is on track to meet certain mutually-agreed profitability targets from 2021 to 2023 set out in the shareholders' agreement, which if met, will trigger an increase in the Group's ownership in AAMI from 44.44% to 49% in 2024. AAMI is in the process of ramping up its capacity to continue driving long-term growth and market expansion.

Group Financial Review

(in HK\$ million)	Q4 2022	QoQ	YoY	FY 2022	YoY
Bookings	3,116.6 (US\$398.0 million)	-14.0%	-40.6%	18,435.3 (US\$2,355.6 million)	-29.4%
Revenue	4,330.4 (US\$553.1 million)	-5.1%	-30.2%	19,363.5 (US\$2,472.7 million)	-11.8%
Gross Margin	41.4%	+55 bps	+8 bps	41.1%	+55 bps
Operating Margin	13.7%	-74 bps	-633 bps	16.7%	-216 bps
Net Profit	266.6	-56.8%	-70.7%	2,618.1	-17.5%
Net Profit Margin	6.2%	-737 bps	-853 bps	13.5%	-95 bps

FY 2022 Group Financial Review

The Group delivered a resilient performance compared with the super-cycle year of 2021, in spite of dampened consumer sentiment and the industry downcycle. The Group registered full-year revenue performance of HK\$19.36 billion (US\$2.47 billion), representing YoY decline of 11.8%. The Group's segments follow different business cycles and that shielded the Group as the 25.2% YoY decline in SEMI segment revenue was partially offset by 9.8% revenue growth from the SMT segment, which achieved its highest yearly revenue. Looking at the end-markets, the Group's revenue performance was impacted by the following developments:

- (i) Automotive market registered strong growth of about 20% YoY and had the highest contribution to Group revenue at about 21% boosted by structural electrification trends globally and expansion of customer base;
- (ii) Industrial market witnessed strong growth of around 32% YoY and contributed about 16% to Group revenue, up from 11% in 2021. The boost in demand was augmented mainly by power-related applications; and
- (iii) Consumer, Communication and Computers markets combined witnessed a slowdown due to weak market sentiment.

In terms of geographical breakdown, China (including Hong Kong) witnessed a decline in revenue YoY and its share of Group revenue reduced from 52% to 42%. This reduction was compensated by revenue growth from Europe, the Americas and Malaysia markets. In 2022, the Group continued to experience a low degree of customer revenue concentration, with its top five customers accounting for only about 12.8% of total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

For bookings, the Group witnessed a decline of 29.4% YoY to HK\$18.44 billion (US\$2.36 billion) due to a high base effect in 2021. The SEMI business saw a sharp decline of 44.4% YoY due to the impact of the downcycle and weak consumer sentiment, while the SMT segment held relatively firm with only a 5.9% YoY reduction in bookings due to strength in Industrial and Automotive markets. This is a testimony to the effect of the Group's unique, broad-based portfolio. From an end-market perspective, AP, Automotive and Industrial combined contributed about 60% of Group bookings for 2022. The Group ended the year with a strong backlog of HK\$8.98 billion (US\$1.15 billion), and a book-to-bill ratio of 0.95.

Group's gross margin improved by 55 bps YoY to 41.1%, driven by both the SEMI and SMT segments due to a favourable product mix, targeted pricing adjustments and ongoing strategic initiatives.

However, some of these improvements were partially offset by higher material and logistics costs due to tight global supply chains.

The Group's operating margin was down 216 bps YoY to 16.7% due to lower sales volume and an increase in operating costs mainly due to inflationary pressure from material and personnel costs.

In line with reduced revenue and operating margin, the Group's net profit (including share of results from AAMI) declined 17.5% YoY to HK\$2.62 billion.

The Group recorded robust cash and bank deposits of HK\$4.42 billion at the end of 2022 (versus 2021's HK\$4.88 billion), even after bumper dividends paid in 2022 for the super-cycle year 2021 and share buybacks.

Q4 2022 Group Financial Review

The Group outperformed the market consensus, delivering revenue of HK\$4.33 billion (US\$553.1 million), a decline of just 5.1% QoQ and exceeding the top end of the revenue guidance of between US\$455 million to US\$525 million issued in the previous quarter's results announcement.

The Group's bookings of HK\$3.12 billion (US\$398.0 million) decreased by 40.6% YoY due to a high base effect in 2021. Bookings declined 14.0% QoQ due to general seasonality trends.

The Group delivered a gross margin of above 40% for the 7th consecutive quarter. Gross margin of 41.4% represented a YoY and QoQ improvement of 8 bps and 55 bps respectively. YoY growth was mainly due to better gross margin performance across both SEMI and SMT segments and QoQ growth was mostly contributed by the SMT segment.

The Group's operating margin of 13.7% declined 633 bps YoY mainly due to a high base effect and lower sales volume.

The Group's net profit of HK\$266.6 million declined 70.7% YoY and 56.8% QoQ. This included net foreign exchange losses of approximately HK\$200 million.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q4 2022	QoQ	YoY	FY 2022	YoY
Bookings	1,124.8 (US\$143.6 million)	-24.4%	-59.6%	8,860.3 (US\$1,132.5 million)	-44.4%
Revenue	1,882.7 (US\$240.6 million)	-14.7%	-54.0%	10,104.8 (US\$1,290.5 million)	-25.2%
Gross Margin	44.4%	-15 bps	+74 bps	44.6%	+87 bps
Segment Profit	114.1	-61.6%	-88.5%	1,652.6	-45.4%
Segment Profit Margin	6.1%	-739 bps	-1,820 bps	16.4%	-604 bps

The SEMI segment registered Q4 2022 revenue of HK\$1.88 billion (US\$240.6 million), representing 43.5% of Group revenue, a decrease of 54.0% YoY and 14.7% QoQ.

Each of its Business Units (“BU”s) registered YoY and QoQ revenue declines. The revenue performance was driven by the following developments within each of the BU’s:

- (i) The IC/Discrete BU’s mainstream tools, such as die attach and wire bonders, continued to experience weak demand. However, tools serving the Automotive and AP markets largely increased QoQ.
- (ii) The Optoelectronics BU revenue was driven by demand for its more advanced tools serving ultra-fine pitch Mini LED displays and Silicon Photonics applications.
- (iii) The CIS BU continued to experience weakness mainly due to ongoing softness in the global smartphone market.

The segment recorded Q4 2022 bookings of HK\$1.12 billion (US\$143.6 million), a decline of 59.6% YoY due mainly to a high base effect. Bookings declined 24.4% QoQ due to ongoing semiconductor downcycle and seasonality.

Segment Q4 2022 gross margin was 44.4%, an increase of 74 bps YoY and a decline of 15 bps QoQ. The YoY margin enhancement was mainly due to increased revenue contributions from Automotive and AP end markets and cost control measures.

Segment profit was HK\$114.1 million in Q4 2022, a decrease of 88.5% YoY and 61.6% QoQ.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

SMT Solutions Segment Financial Review

(in HK\$ million)	Q4 2022	QoQ	YoY	FY 2022	YoY
Bookings	1,991.8 (US\$254.4 million)	-6.8%	-19.1%	9,574.9 (US\$1,223.0 million)	-5.9%
Revenue	2,447.8 (US\$312.5 million)	+4.0%	+16.4%	9,258.7 (US\$1,182.2 million)	+9.8%
Gross Margin	39.1%	+171 bps	+235 bps	37.3%	+183 bps
Segment Profit	526.8	+14.3%	+61.7%	1,825.6	+32.5%
Segment Profit Margin	21.5%	+194 bps	+603 bps	19.7%	+339 bps

The SMT segment continued to deliver stellar performance and recorded Q4 2022 revenue of HK\$2.45 billion (US\$312.5 million), which accounted for 56.5% of the Group's revenue. This was an increase of 16.4% YoY and 4.0% QoQ. Revenue growth was boosted by strong contributions from segment's high-end placement and printing tools for mainly Industrial and Automotive applications. These two end markets contributed more than half of the segment's revenue.

The segment achieved Q4 2022 bookings of HK\$1.99 billion (US\$254.4 million), a decline of 19.1% YoY and 6.8% QoQ, mainly due to seasonality and continued weakness in the Consumer, Communication and Computers end markets. Bookings from the Industrial and Automotive end markets continued their strong contribution to the segment.

Segment Q4 2022 gross margin was 39.1%, an increase of 235 bps YoY and 171 bps QoQ. The margin improvement was mainly due to a favourable product mix.

Segment profit was HK\$526.8 million in Q4 2022, an improvement of 61.7% YoY and 14.3% QoQ.

2023 PROSPECTS AND Q1 2023 REVENUE GUIDANCE

Feedback from the Group's customers and insights from industry watchers indicate a general market consensus that the semiconductor sector could begin its recovery in the second half of 2023.

Looking at the Group's business, there are some encouraging factors. For one, the Group entered 2023 with a sizeable order backlog and it expects the majority of this backlog to be delivered in 2023. On another front, the Group continues to see strength in the Automotive, Industrial and Advanced Packaging markets, supported by longer-term secular trends and continued efforts by many players to build supply chain resilience. Last but not least, the Group's unique, broad-based portfolio provides a strong foundation and key competitive advantages. All these should help drive the Group's performance in 2023.

Looking at the near term, with the ongoing semiconductor downcycle and macroeconomic uncertainties, the Group expects revenue for Q1 2023 to be between US\$455 million to US\$525 million, a decline of 27.4% YoY and 11.4% QoQ at mid-point.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

LEADING EDGE RESEARCH AND DEVELOPMENT

Sustained Research and Development (“R&D”) investment is critical for delivering the required semiconductor and technology breakthroughs that will tap secular growth opportunities and create value for customers and shareholders. The Group’s R&D framework bears witness to this, consisting of developing robust R&D Infrastructure and the capabilities of its unique Enabling Technologies Group (“ETG”) to effectively enable and support innovation across the entire Group.

With a total staff strength of more than 2,500, the Group’s global R&D team remains focused on delivering highly innovative and market relevant products from several R&D centres across the world: the Americas (Boston), Asia (Chengdu, Hong Kong, Huizhou, Shenzhen, Singapore, Suzhou and Taoyuan) and Europe (Beuningen, Munich, Porto, Regensburg and Weymouth). The Group has a longstanding practice of allocating a significant amount of its annual revenue to R&D in order to consistently generate a pipeline of new products (2022: HK\$2.03 billion versus 2021: HK\$1.95 billion). The Group has also delivered about 2,000 patents and patent applications to-date.

Unique Enabling Technology Group

The ETG is a unique competitive advantage for the Group that is focused on building core competencies to address a broad array of critical technologies, including advanced motor, advanced process, metrology, motion system and control, precision design, software systems, thermal control, vibration control and vision technology.

The global ETG team is more than 500-strong. They enable the Group to rapidly harness the potential of dynamic technology developments. Crucially, the ETG’s technology experts efficiently connect and collaborate with other technology leaders on advanced developments for the Group’s applications. This provides some significant capabilities for the Group, such as a consistent on-schedule delivery of innovative solutions for both mainstream and advanced packaging, and the ability to regularly bring ‘frontier’ solutions to customers at a much faster pace than the competition.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank deposits as of 31 December 2022 was HK\$4.42 billion (2021: HK\$4.88 billion). During 2022, HK\$1.61 billion was paid as dividends (2021: HK\$1.36 billion). Capital additions during the year amounted to HK\$463.1 million (2021: HK\$369.3 million), which was fully funded by the year’s depreciation and amortization of HK\$507.7 million (2021: HK\$526.2 million), excluding the depreciation of right-of-use assets of HK\$230.9 million (2021: HK\$216.6 million) due to application of HKFRS 16.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

LIQUIDITY AND FINANCIAL RESOURCES - continued

As of 31 December 2022, the debt-to-equity ratio was 0.142 (2021: 0.175). Debts include all bank borrowings. The Group had available banking facilities of HK\$3.41 billion (US\$437.1 million) (2021: HK\$3.34 billion (US\$428.2 million)) in the form of bank loans and overdraft facilities, of which HK\$1.86 billion (US\$238.5 million) (2021: HK\$1.86 billion (US\$238.5 million)) were committed borrowing facilities. Bank borrowings, which are mainly arranged to support day-to-day operations and capital expenditure, are denominated in Hong Kong dollars.

The Group had unsecured bank borrowings of HK\$2.25 billion as of 31 December 2022 (2021: HK\$2.70 billion), consisting of variable-rate syndicated loan (2021: variable-rate syndicated loan and other bank borrowings). Other than the syndicated loan, all the other borrowings were fully repaid during the year ended 31 December 2022. The syndicated loan is repayable by instalments from March 2022 to March 2024. The Group uses interest rate swaps to mitigate its exposure of the cash flow changes of the variable-rate syndicated loan by swapping HK\$1.75 billion (2021: HK\$1.75 billion) of the syndicated loan from variable rates to fixed rates. The Group's equity attributable to owners of the Company was HK\$15.74 billion (2021: HK\$15.28 billion) as at 31 December 2022.

As of 31 December 2022, cash holdings of the Group were mainly in US dollars, Euros and Chinese RMB. The Group's SMT Solutions Segment entered into US dollar and Euro hedging contracts to mitigate foreign currency risks, as a significant portion of the production of SMT equipment and its suppliers are located in Europe, while a substantial part of the Group's revenue for SMT equipment is denominated in US dollars. In terms of currency exposure, the majority of the Group's sales and disbursements in respect of operating expenses and purchases were mainly in US dollars, Euros and Chinese RMB.

SIGNIFICANT INVESTMENT

As of 31 December 2022, AAMI was regarded as a significant investment of the Group as the value of the Group's investment in AAMI comprised 5% or more of the Group's total assets. Information pursuant to paragraph 32(4A) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in relation to the Group's investment in AAMI is as follows:

(i) Details of the investment in AAMI:	4,444 ordinary shares in AAMI, representing 44.44% equity interests in AAMI. The carrying value of the Group's investment in AAMI is HK\$1,516 million
(ii) Fair value of the investment in AAMI:	HK\$1,523 million
(iii) The investment's size relative to the Group's total assets:	6.1%
(iv) The performance of the investment in AAMI:	For the year ended 31 December 2022, the share of results of AAMI was HK\$163 million, and no dividend was received from AAMI
(v) Principal activity of AAMI and its subsidiaries:	Manufacturing and trading of materials products
(vi) The Group's investment strategy:	Long-term investment in the materials business

MANAGEMENT DISCUSSION AND ANALYSIS - continued

ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”)

The Group has dedicated itself to becoming an ESG leader in the semiconductor industry. To that end, a comprehensive ESG framework and action plan was implemented in 2022 throughout ASMPT’s operations worldwide. The key environmental focus is on eliminating the Group’s emissions footprint, with a commitment to reducing its Scope 1 & 2 emissions to net-zero by 2035.

On the social side, diversity, equality and inclusivity is the Group’s topmost priority, with the current focus on increasing gender diversity within ASMPT and the industry as a whole. As part of the Group’s governance framework, effective climate risk identification and management protocols are key to protecting the Group’s interests and ensuring the long-term sustainability of its business.

More details on the Group’s sustainability initiatives and targets will be highlighted in the 2022 ESG Report that will be released simultaneously with the Group’s Annual Report.

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 Dec		Year ended 31 Dec	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(audited)	(audited)
	<i>Notes</i>				
Revenue	2	4,330,434	6,200,737	19,363,495	21,947,637
Cost of sales		(2,537,471)	(3,638,270)	(11,397,547)	(13,040,030)
Gross profit		1,792,963	2,562,467	7,965,948	8,907,607
Other income		27,833	21,754	122,528	133,384
Selling and distribution expenses		(415,940)	(485,480)	(1,705,253)	(1,802,229)
General and administrative expenses		(259,208)	(291,694)	(997,654)	(1,009,395)
Research and development expenses		(524,467)	(543,451)	(2,026,478)	(1,954,394)
Other gains and losses	4	(196,762)	(19,905)	86,546	(43,006)
Other expenses	5	(31,695)	(87,909)	(76,048)	(158,805)
Finance costs	6	(29,555)	(30,104)	(119,936)	(118,422)
Share of result of a joint venture		13,367	48,431	163,338	137,719
Profit before taxation		376,536	1,174,109	3,412,991	4,092,459
Income tax expense	7	(109,970)	(263,288)	(794,924)	(917,279)
Profit for the period		266,566	910,821	2,618,067	3,175,180
Profit (loss) for the period, attributable to:					
Owners of the Company		266,876	913,006	2,620,251	3,168,976
Non-controlling interests		(310)	(2,185)	(2,184)	6,204
		266,566	910,821	2,618,067	3,175,180
Earnings per share	9				
- Basic		HK\$0.65	HK\$2.22	HK\$6.36	HK\$7.72
- Diluted		HK\$0.65	HK\$2.21	HK\$6.33	HK\$7.69

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 Dec		Year ended 31 Dec	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (audited)	2021 HK\$'000 (audited)
Profit for the period	266,566	910,821	2,618,067	3,175,180
Other comprehensive income (expense)				
<i>Items that will not be reclassified to profit or loss:</i>				
- remeasurement of defined benefit retirement plans, net of income tax	75,403	41,012	75,403	41,012
- net fair value loss on investments in equity instruments at fair value through other comprehensive income	(35,279)	-	(35,279)	(49,735)
	40,124	41,012	40,124	(8,723)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- exchange differences on translation of foreign operations				
- subsidiaries	514,819	(9,624)	(657,999)	(207,826)
- a joint venture	1,319	5,492	(33,576)	8,484
- fair value (loss) gain on hedging instruments designated as cash flow hedges	(9,735)	17,782	77,513	37,011
	506,403	13,650	(614,062)	(162,331)
Other comprehensive income (expense) for the period	546,527	54,662	(573,938)	(171,054)
Total comprehensive income for the period	813,093	965,483	2,044,129	3,004,126
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	811,364	964,282	2,061,367	2,997,603
Non-controlling interests	1,729	1,201	(17,238)	6,523
	813,093	965,483	2,044,129	3,004,126

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2022	2021
		HK\$'000	HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		2,230,635	2,337,048
Right-of-use assets		1,553,341	1,600,467
Investment properties		69,485	80,451
Goodwill		928,313	926,531
Intangible assets		1,041,763	1,034,999
Other investments		38,051	64,202
Interest in a joint venture		1,515,966	1,386,204
Other financial assets		39,765	39,775
Deposits paid for acquisition of property, plant and equipment		31,529	13,422
Rental deposits paid		30,798	32,510
Derivative financial instruments		215,020	144,386
Deferred tax assets		529,223	565,883
Long-term bank deposits		14,450	-
Other non-current assets		22,762	23,942
		8,261,101	8,249,820
Current assets			
Inventories		7,450,163	7,455,775
Trade and other receivables	10	4,543,672	5,875,862
Amounts due from a joint venture and its affiliates		21,111	11,328
Derivative financial instruments		49,479	1,482
Income tax recoverable		39,989	23,638
Pledged bank deposits		570	1,223
Bank deposits with original maturity of more than three months		147,560	200,573
Cash and cash equivalents		4,262,886	4,681,090
		16,515,430	18,250,971
Current liabilities			
Trade liabilities and other payables	11	2,879,409	3,608,392
Advance payments from customers		1,093,944	1,779,304
Amounts due to a joint venture and its affiliates		13,431	10,629
Derivative financial instruments		14,253	41,585
Lease liabilities		188,807	197,378
Provisions		333,537	351,944
Income tax payable		473,212	451,489
Bank borrowings		250,000	448,588
		5,246,593	6,889,309
Net current assets		11,268,837	11,361,662
		19,529,938	19,611,482

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Capital and reserves		
Share capital	41,287	41,270
Dividend reserve	783,758	1,073,034
Other reserves	14,913,461	14,161,122
Equity attributable to owners of the Company	15,738,506	15,275,426
Non-controlling interests	119,025	136,263
Total equity	15,857,531	15,411,689
Non-current liabilities		
Bank borrowings	2,000,000	2,250,000
Lease liabilities	1,320,395	1,348,989
Retirement benefit obligations	98,787	234,643
Provisions	54,453	53,005
Derivative financial instruments	-	18,793
Deferred tax liabilities	148,188	180,674
Other liabilities and accruals	50,584	113,689
	3,672,407	4,199,793
	19,529,938	19,611,482

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3 Amendment to HKFRS 16	Reference to the Conceptual Framework COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37 Amendments to HKFRSs	Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to HKFRSs 2018 - 2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “Conceptual Framework”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (“HKAS 37”) or HK(IFRIC)-Int 21 *Levies* (“HK(IFRIC)-Int 21”), an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

2. SEGMENT INFORMATION

The Group has two (2021: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2021: two) major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Company's Chief Executive Officer, the chief operating decision maker ("CODM"), for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the two (2021: two) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

Segment revenues and results

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (audited)	2021 HK\$'000 (audited)
Segment revenue from external customers				
Semiconductor solutions	1,882,683	4,097,020	10,104,838	13,513,918
Surface mount technology solutions	2,447,751	2,103,717	9,258,657	8,433,719
	4,330,434	6,200,737	19,363,495	21,947,637
Segment profit				
Semiconductor solutions	114,127	994,151	1,652,629	3,025,876
Surface mount technology solutions	526,794	325,846	1,825,566	1,377,284
	640,921	1,319,997	3,478,195	4,403,160
Interest income	15,156	6,012	32,248	12,355
Finance costs	(29,555)	(30,104)	(119,936)	(118,422)
Share of result of a joint venture	13,367	48,431	163,338	137,719
Unallocated other income	5,257	8,532	24,162	79,980
Unallocated net foreign exchange (losses) gain and fair value change of foreign currency forward contracts	(197,666)	(1,072)	84,995	37,912
Unallocated general and administrative expenses	(41,815)	(69,084)	(177,185)	(212,401)
Unallocated impairment loss recognized in respect of goodwill	-	(224,824)	-	(224,824)
Unallocated other gains	2,566	204,130	3,222	135,785
Other expenses	(31,695)	(87,909)	(76,048)	(158,805)
Profit before taxation	376,536	1,174,109	3,412,991	4,092,459
Segment profit %				
Semiconductor solutions	6.1%	24.3%	16.4%	22.4%
Surface mount technology solutions	21.5%	15.5%	19.7%	16.3%

2. SEGMENT INFORMATION – continued

Segment revenues and results – continued

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

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

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

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

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

2. SEGMENT INFORMATION – continued

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

Year ended 31 December 2021	Semiconductor solutions HK\$'000	Surface mount technology solutions HK\$'000	Unallocated general and administrative expenses HK\$'000	Total HK\$'000
Amounts regularly provided to CODM:				
Additions of property, plant and equipment and right-of- use assets	413,368	196,668	-	610,036
Additions of intangible assets	-	3,459	-	3,459
Amounts included in the measure of segment profit:				
Amortization for intangible assets	41,687	60,081	-	101,768
Depreciation for property, plant and equipment and right-of-use assets	422,991	211,483	1,268	635,742
Depreciation for investment properties	-	-	5,273	5,273
(Gains) losses on disposal/write-off of property, plant and equipment	(7,715)	(406)	17,544	9,423
Research and development expenses	1,257,127	697,267	-	1,954,394
Share-based payments	160,987	21,196	28,072	210,255

Other segment information (regularly provided to the CODM but not included in the measurement of segment profit or loss)

Year ended 31 December 2021	Semiconductor solutions HK\$'000	Surface mount technology solutions HK\$'000	Unallocated general and administrative expenses HK\$'000	Total HK\$'000
Impairment loss recognized in respect of goodwill (included in other gains and losses)	224,824	-	-	224,824

There is no impairment loss recognized in respect of goodwill for the year ended 31 December 2022.

2. SEGMENT INFORMATION – continued

Geographical information

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

	Non-current assets	
	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Mainland China	1,393,670	1,455,226
Europe	1,027,843	1,014,187
- Germany	704,322	653,601
- Portugal	121,549	147,542
- United Kingdom	151,684	161,717
- Others	50,288	51,327
Singapore	894,186	913,088
Hong Kong	716,506	799,067
Malaysia	452,058	492,019
Americas	438,871	390,436
- United States of America ("USA")	430,921	386,588
- Others	7,950	3,848
Taiwan	21,810	28,197
Korea	13,314	16,464
Others	22,055	14,155
	4,980,313	5,122,839

Note: Non-current assets excluded goodwill, other investments, interest in a joint venture, other financial assets, derivative financial instruments, deferred tax assets and long-term bank deposits.

2. SEGMENT INFORMATION – continued

Geographical information - continued

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

	Revenue from external customers	
	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Mainland China	6,882,685	10,495,049
Europe	3,441,866	2,710,008
- Germany	1,110,151	844,514
- Hungary	355,720	230,216
- Romania	251,451	277,142
- France	210,425	139,776
- Poland	191,294	110,802
- Others	1,322,825	1,107,558
Americas	2,242,479	1,652,601
- USA	1,585,292	1,062,917
- Mexico	271,310	172,689
- Canada	93,901	95,383
- Others	291,976	321,612
Malaysia	1,763,446	1,076,308
Hong Kong	1,198,993	962,350
Taiwan	1,171,404	1,661,671
Japan	652,903	659,576
Korea	581,579	1,028,433
Thailand	487,428	818,292
Vietnam	307,701	249,995
Philippines	278,765	274,049
India	185,843	87,394
Singapore	116,571	225,094
Others	51,832	46,817
	19,363,495	21,947,637

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

3. ANALYSIS OF QUARTERLY SEGMENT REVENUE AND RESULTS

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

3. ANALYSIS OF QUARTERLY SEGMENT REVENUE AND RESULTS - continued

	Three months ended			
	31 December 2021 HK\$'000 (unaudited)	30 September 2021 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (unaudited)
Segment revenue from external customers				
Semiconductor solutions	4,097,020	3,547,706	3,165,250	2,703,942
Surface mount technology solutions	2,103,717	2,685,040	2,011,982	1,632,980
	<u>6,200,737</u>	<u>6,232,746</u>	<u>5,177,232</u>	<u>4,336,922</u>
Segment profit				
Semiconductor solutions	994,151	799,061	681,004	551,660
Surface mount technology solutions	325,846	571,961	314,347	165,130
	<u>1,319,997</u>	<u>1,371,022</u>	<u>995,351</u>	<u>716,790</u>
Segment profit %				
Semiconductor solutions	24.3%	22.5%	21.5%	20.4%
Surface mount technology solutions	15.5%	21.3%	15.6%	10.1%

4. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
The gains and losses comprise:		
Net foreign exchange gain	167,261	115,206
Loss on fair value change of foreign currency forward contracts	(82,266)	(77,294)
Gain (loss) on disposal/write-off of property, plant and equipment	1,345	(9,423)
Gain on fair value change of derivative relating to share adjustment on earn-out clause in a joint venture	11,953	144,386
Gain on fair value change of contingent consideration receivable from shareholders of a joint venture	-	39,775
Impairment loss recognized in respect of goodwill	-	(224,824)
Others	(11,747)	(30,832)
	<u>86,546</u>	<u>(43,006)</u>

5. OTHER EXPENSES

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Provision in relation to the litigation	-	21,717
Restructuring costs (Note a)	-	24,413
Other expenses (Note b)	76,048	112,675
	<u>76,048</u>	<u>158,805</u>

5. OTHER EXPENSES – continued

Notes:

- (a) During the year ended 31 December 2021, supplier contracts termination costs of HK\$24,413,000 (2022: nil), was charged to restructuring costs resulted from the product portfolio simplification of the Group.
- (b) During the year ended 31 December 2022, consultancy costs of HK\$49.6 million (2021: HK\$90.6 million) relating to the progressive implementation of several strategic initiatives across the Group were charged to other expenses. The key objective of these strategic initiatives is to drive the Group's long term organizational efficiency, along with strengthening its overall agility, resilience, and sustainability. As such, the Group is confident that these strategic initiatives will deliver long term value creation. These consultancy costs were assessed by the management as incurred outside of core operations of the Group and not related to other function of expenses in the consolidated statement of profit or loss.

6. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank borrowings	61,123	36,986
Interest on lease liabilities	49,664	53,179
Others	9,441	8,038
	120,228	98,203
Net (gain) loss on interest rate swaps designated as cash flow hedges	(292)	20,219
	119,936	118,422

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2022 HK\$'000	2021 HK\$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	43,728	56,393
People's Republic of China ("PRC") Enterprise Income Tax	97,149	150,089
Germany	409,901	386,307
Other jurisdictions	214,273	215,556
	765,051	808,345
(Over) under-provision in prior years:		
Hong Kong	(781)	(40)
PRC Enterprise Income Tax	18,310	142,004
Germany	2,692	15,841
Other jurisdictions	64,002	28,292
	84,223	186,097
Deferred tax credit	(54,350)	(77,163)
	794,924	917,279

- (a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK\$2 million for the years ended 31 December 2022 and 2021.
- (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% (2021: 25%), except for ASMP Technology (China) Co., Ltd. (formerly known as ASM 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.

7. INCOME TAX EXPENSE - continued

- (c) ASMPT Singapore Pte. Ltd. (formerly known as ASM Technology 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% (2021: 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% (2021: 15.00%) plus 5.50% (2021: 5.50%) solidarity surcharge on the corporate income tax for the assessable profit for the year, which derives at a tax rate of 15.825% (2021: 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 12.013% to 17.150% (2021: 14.123% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates are between 27.838% and 32.975% (2021: between 29.948% and 32.975%).
- (e) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
<u>Dividend recognized as distribution during the year</u>		
Interim dividend for 2022 paid of HK\$1.30 (2021: HK\$1.30) per share on 412,705,333 (2021: 410,796,133) shares	536,517	534,035
Final dividend for 2021 paid of HK\$2.60 (2021: final dividend for 2020 paid of HK\$2.00) per share on 412,705,333 (2021: 410,796,133) shares	1,073,034	821,592
	<u>1,609,551</u>	<u>1,355,627</u>

Subsequent to the end of the reporting period, a final dividend of HK\$1.90 (2021: final dividend of HK\$2.60) per share in respect of the year ended 31 December 2022 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
<u>Dividend proposed subsequent to the end of the reporting period</u>		
Proposed final dividend for 2022 of HK\$1.90 (2021: HK\$2.60) per share on 412,504,333 (2021: 412,705,333) shares	783,758	1,073,034

9. EARNINGS PER SHARE

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

	Three months ended 31 Dec		Year ended 31 Dec	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	266,876	913,006	2,620,251	3,168,976
	Three months ended 31 Dec		Year ended 31 Dec	
	2022	2021	2022	2021
	Number of shares	Number of shares	Number of shares	Number of shares
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
	(unaudited)	(unaudited)	(audited)	(audited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	410,126	410,899	411,667	410,678
Effect of dilutive potential shares:				
- Employee Share Incentive Scheme	2,555	1,847	2,369	1,656
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	412,681	412,746	414,036	412,334

10. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables (Note)	4,114,370	5,375,584
Value-added tax recoverable	225,657	324,017
Other receivables, deposits and prepayments	203,645	176,261
	<u>4,543,672</u>	<u>5,875,862</u>

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

	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Not yet due (Note)	2,951,052	4,466,823
Overdue within 30 days	450,613	597,586
Overdue 31 to 60 days	160,510	174,483
Overdue 61 to 90 days	212,935	60,948
Overdue over 90 days	339,260	75,744
	<u>4,114,370</u>	<u>5,375,584</u>

Note: The amount included notes receivables amounting to HK\$144,179,000 (2021: HK\$1,344,979,000) are held by the Group for future settlement of trade receivables. All notes receivables received by the Group are with a maturity period of less than one year.

As at 1 January 2021, trade receivables amounted to HK\$3,807,458,000.

Credit policy:

Before accepting any new customer, the Group assesses the potential customer's credit quality and pre-sets maximum credit limit for each customer. Limits and credit quality attributed to customers are reviewed regularly. Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 days to 60 days of issuance, except for certain well established customers, where the terms are extended to 3 to 4 months or longer.

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$1,163,318,000 (2021: HK\$908,761,000) are past due as at the reporting date. Out of the past due balances, HK\$339,260,000 (2021: HK\$75,744,000) has been past due 90 days or more, and they are not considered as in default. The Group considers the information developed internally or obtained from external sources and considered that the debtors are likely to pay its creditors.

11. TRADE LIABILITIES AND OTHER PAYABLES

	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	1,400,310	2,019,439
Deferred income (Note a)	166,677	155,719
Accrued salaries and wages	285,712	296,063
Other accrued charges	657,104	813,977
Payables arising from acquisition of property, plant and equipment	73,760	80,931
Gross obligation to acquire non-controlling interest	44,780	-
Other payables (Note b)	251,066	242,263
	2,879,409	3,608,392

Notes:

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

As at 1 January 2021, deferred income amounted to HK\$118,925,000. The deferred income as at 1 January 2021 and 1 January 2022 were fully recognized as revenue during the year 31 December 2021 and 31 December 2022, respectively.

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

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

	At 31 December	
	2022	2021
	HK\$'000	HK\$'000
Not yet due	1,013,692	1,701,316
Overdue within 30 days	165,451	203,178
Overdue 31 to 60 days	82,488	83,762
Overdue 61 to 90 days	67,439	10,214
Overdue over 90 days	71,240	20,969
	1,400,310	2,019,439

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.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2022.

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

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises four Independent Non-Executive Directors and one Non-Executive Director who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2022 in conjunction with the Company’s external auditor.

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

The Company was authorised at its 2022 AGM to buy back its own ordinary shares not exceeding 5% of the total number of its issued shares as at the date of the resolution being passed.

During the year ended 31 December 2022, the Company bought back an aggregate of 2,834,700 ordinary shares for a total consideration of approximately HK\$168 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). All the shares bought back were subsequently cancelled. As at 31 December 2022, the total number of shares in issue was 412,871,633, which does not reflect the 367,300 shares bought back in October and November 2022 which were cancelled on 10 February 2023. As at the date of this announcement, the total number of shares in issue is 412,504,333.

Details of the share buyback are as follows:

Month of share buyback in 2022	Number of shares bought back	Consideration per share		Aggregate consideration paid (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
August 2022	1,005,200	66.40	60.55	63,482
September 2022	1,462,200	63.20	55.65	88,453
October 2022	100,000	44.85	43.10	4,402
November 2022	267,300	46.20	42.55	11,862
	<u>2,834,700</u>			<u>168,199</u>

The Directors of the Company believe that the above share buybacks are in the best interests of the Company and its shareholders and that such share buybacks would lead to an enhancement of the earnings per share of the Company.

During the year ended 31 December 2022, the Trustee, pursuant to the terms of the rules and trust deed of the Employee Share Incentive Scheme, purchased on the Stock Exchange a total of 429,700 shares in the Company at a total consideration of approximately HK\$33.2 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures as set out in the preliminary announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Consequently, no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

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

On behalf of the Board
Robin Gerard Ng Cher Tat
Director

Hong Kong, 28 February 2023