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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

**ANNOUNCEMENT OF UNAUDITED 2020 THIRD QUARTER RESULTS FOR
THE THREE MONTHS ENDED 30 SEPTEMBER 2020**

**Revenue, Bookings and Profitability for First Nine Months of 2020 Show
Year-on-Year Improvement**

Group Key Highlights for Q3 2020

- * Revenue of HK\$4.27 billion (US\$550.7 million) increased by 2.6% vs Q3 2019 but decreased by 1.2% vs Q2 2020. Group revenue came in at high end of guidance.
- * Bookings of HK\$4.52 billion (US\$583.1 million) increased by 12.4% vs Q3 2019 and 23.5% vs Q2 2020.
- * Gross margin of 32.9% declined by 182 bps vs Q3 2019 and 228 bps vs Q2 2020.
- * Net profit of HK\$233.9 million.

Group Key Highlights for the First Nine Months of 2020

- * Revenue of HK\$11.97 billion (US\$1.54 billion) improved YoY by 4.7%.
- * Bookings of HK\$13.39 billion (US\$1.72 billion) increased YoY by 8.4%.
- * Gross margin of 33.9% declined YoY by 87 bps.
- * Net profit of HK\$624.7 million rising YoY by 56.0%.
- * Order backlog was HK\$6.55 billion (US\$844.9 million) as of 30 September 2020.
- * Cash and bank deposits of HK\$3.52 billion as of 30 September 2020.
- * Book-to-bill ratio was 1.12.

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the third quarter and nine months ended 30 September 2020:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) achieved a revenue of HK\$4.27 billion (US\$550.7 million) for the three months ended 30 September 2020. This represented an increase of 2.6% compared with Q3 2019 (HK\$4.16 billion (US\$531.3 million)) and a decrease of 1.2% as compared with Q2 2020 (HK\$4.32 billion (US\$557.4 million)).

The Group’s consolidated profit after taxation for the quarter was HK\$233.9 million, 5.2% higher than Q3 2019 but 36.0% lower than Q2 2020. Basic earnings per share (“EPS”) for the quarter was HK\$0.57 (Q3 2019: HK\$0.55, Q2 2020: HK\$0.89).

The Group’s consolidated revenue and profit after taxation for the first nine months of 2020 are HK\$11.97 billion (US\$1.54 billion) and HK\$624.7 million, representing 4.7% and 56.0% higher than the first nine months of 2019, respectively.

REVIEW

Group Business Review

Group	Q3 2020			First 9 months 2020	
		YoY	QoQ		YoY
Bookings (HK\$m)	4,519.2	+12.4%	+23.5%	13,385.7	+8.4%
Revenue (HK\$m)	4,267.8	+2.6%	-1.2%	11,969.3	+4.7%
Gross Margin	32.9%	-182 bps	-228 bps	33.9%	-87 bps
Net Profit (HK\$m)	233.9	+5.2%	-36.0%	624.7	+56.0%
Net Profit Margin	5.5%	+14 bps	-298 bps	5.2%	+172 bps

9M 2020

The Group reported revenue of HK\$11.97 billion (US\$1.54 billion) for the nine months ended 30 September 2020 (“9M 2020”). This was an increase of 4.7% versus HK\$11.43 billion (US\$1.46 billion) for 9M 2019, despite serious challenges posed by COVID-19 and the ongoing global recession. Its excellent financial performance was due to several factors.

The Group benefited from the radical shift to Work-From-Home arrangements this year that drove demand for personal computing and connectivity devices.

5G infrastructure deployment and device upgrades drove an increase in silicon content, with strong capacity and technology demand that benefited the Group’s Semiconductor Solutions Segment (both its die and wire bonder business, and Advanced Packaging (“AP”) solutions) and the SMT Solutions Segment’s System-in-Package business.

There was an increase in the adoption of the Group’s wide range of AP solutions, especially for high-performance computing (“HPC”) devices for data centres and 5G-related applications. Buoyed by strong demand in HPC applications, 9M 2020 revenue for AP tools was already as much as AP revenue for the whole of 2019.

REVIEW - continued

Ongoing global trade tensions had domestic China-based companies engaged in more localized production. The Group's China business registered a YoY 9M 2020 revenue increase, compared with the same period in 2019.

By geographical revenue distribution, China (inclusive of Hong Kong), Europe, Taiwan, the Americas, and Malaysia were the top five markets for the Group. The Group's top five customers accounted for only 15.5% of the Group's revenue, reflecting consistent and healthy diversity in its customer mix.

The Group's gross margin was 33.9%, representing a slight YoY decline of 87 bps. This was mainly due to lower margins from its SMT solutions business. The Group continues to focus on cost reduction efforts to streamline operations and improve overall profitability.

The Group's net profit was HK\$624.7 million, representing a YoY improvement of 56.0%. This was due to higher revenue, lower expenses due to tighter cost control and government grants received to mitigate the effects of the COVID-19 pandemic.

The Group ended the first nine months of 2020 with a strong backlog of HK\$6.55 billion (US\$844.9 million) and a book-to-bill ratio of 1.12.

At the end of Q3 2020, the Group held HK\$3.52 billion in cash and bank deposits. The Group's solid balance sheet provides a good foundation to withstand the current period of economic uncertainty and beyond.

Q3 2020

The Group achieved revenue of HK\$4.27 billion (US\$550.7 million). This came in close to the top end of the revenue guidance of US\$480 million to US\$560 million issued in the Group's Q2 2020 results announcement.

The Group's bookings amounted to HK\$4.52 billion (US\$583.1 million), representing increases of 12.4% and 23.5% for both YoY and QoQ respectively, bucking the historical trend of Q3 bookings coming in below Q2 bookings. Instead, the Group's bookings were the second highest this quarter compared with previous Q3 bookings (the Q3 bookings record was Q3 2018). This quarter's performance was driven by bookings growth in the Semiconductor Solutions and SMT Solutions Segments.

The Group's gross margin of 32.9% represented a YoY decline of 182 bps. This was due mainly to weaker gross margin from its Semiconductor Solutions and SMT Solutions Segments, mitigated by stronger gross margin from its Materials Segment.

Semiconductor Solutions Segment Q3 2020 Review

Semiconductor Solutions Segment	Q3 2020			First 9 months 2020	
		YoY	QoQ		YoY
Bookings (HK\$m)	2,230.4	+8.6%	+26.8%	6,399.7	+11.5%
Revenue (HK\$m)	1,914.5	+5.0%	-11.5%	5,590.7	+12.3%
Gross Margin	40.0%	-348 bps	-293 bps	41.4%	+17 bps
Segment Profit (HK\$m)	177.9	-0.6%	-47.0%	598.1	+100.4%
Segment Profit Margin	9.3%	-52 bps	-622 bps	10.7%	+470 bps

REVIEW - continued

This Segment experienced broad-based demand this quarter due to the following drivers:

- (i) IC/Discrete Business Unit benefited from increased Work-From-Home arrangements that drove strong demand for mobile and personal computing devices, and HPC applications. The on-going 5G Infrastructure rollout globally, especially in China, was another market application driver.
- (ii) For Optoelectronics, this Business Unit continued to see demand from general lighting and conventional display applications. Opportunities in Mini LED and Micro LED applications are also growing well.

For Mini LED applications, the Group has been engaging with a number of leading customers from China, Japan, Korea & Taiwan since 2017. A number of these have started high-volume manufacturing using the Business Unit's tools for Mini LED applications since last year, and some are in the final stage of qualification using the Business Unit's Micro LED solutions.

- (iii) For the CIS Business Unit, while it has remained relatively weak as part of a wider slowdown in global smartphone shipments for 2020 according to IDC, it recorded strong QoQ bookings growth in Q3 2020 relative to the low base of Q2 2020. This uptick in bookings is an encouraging sign.

At the product level, wire bonders delivered very strong YoY Q3 growth. Die bonders also experienced YoY Q3 growth indicating customers were increasing their capacity amidst improving market conditions.

The Segment recorded relatively lower gross margin of 40.0% due primarily to product mix, in particular the relative weakness of the CIS product market.

Materials Segment Q3 2020 Review

Materials Segment	Q3 2020			First 9 months 2020	
		YoY	QoQ		YoY
Bookings (HK\$m)	515.5	+3.6%	-15.2%	1,815.4	+37.4%
Revenue (HK\$m)	602.6	+22.4%	+4.8%	1,578.6	+18.1%
Gross Margin	19.4%	+907 bps	+250 bps	15.7%	+500 bps
Segment Profit (HK\$m)	83.2	+355.7%	+43.2%	157.1	+223.9%
Segment Profit Margin	13.8%	+1,010 bps	+370 bps	10.0%	+632 bps

In US dollar terms, the Materials Segment achieved a record high revenue of US\$77.8 million (or HK\$602.6 million), representing YoY growth of 22.4%. This Segment's gross margin of 19.4% represented a YoY improvement of 907 bps. Gross margin improvements were anchored by higher volume effects, while gross profit and segment profit were at record highs.

REVIEW - continued

SMT Solutions Segment Q3 2020 Review

SMT Solutions Segment	Q3 2020			First 9 months 2020	
		YoY	QoQ		YoY
Bookings (HK\$m)	1,773.3	+20.7%	+37.3%	5,170.6	-2.3%
Revenue (HK\$m)	1,750.7	-5.1%	+10.6%	4,800.0	-6.3%
Gross Margin	29.9%	-277 bps	-147 bps	31.1%	-363 bps
Segment Profit (HK\$m)	171.7	-24.1%	+8.3%	456.7	-29.6%
Segment Profit Margin	9.8%	-247 bps	-21 bps	9.5%	-315 bps

This Segment's bookings of HK\$1.77 billion (US\$228.8 million), an increase of 37.3% versus Q2 2020, bucked the historical trend of typically lower Q3 bookings QoQ.

Bookings performance was largely driven by end-market applications for 5G-related applications, smartphones and wearables. Automotive and Industrial market bookings also showed some signs of improvement, rebounding off the low base of Q2 2020.

The Segment recorded gross margin of 29.9%. This YoY decline was attributed largely to the reduction in revenue contribution from the Automotive and Industrial applications markets, and also effects from the Segment's geographical customer mix.

OUTLOOK

On the back of an improving equipment market sentiment, the Group anticipates revenue in Q4 2020 to be in the region of US\$530 million to US\$590 million.

The accelerating roll-out of 5G infrastructure across the world will be critical to unlocking massive possibilities for data creation and use, from the upgrade cycle for 5G devices - including electric and autonomous vehicles; the ever-increasing demand for HPC capabilities; to a steady proliferation of 5G-enabled artificial intelligence and machine learning applications across industries and consumer markets.

As a company that develops and supplies solutions across the entire spectrum of data creation and use, the Group is strongly positioned to further innovate and develop its products and solutions to leverage and support these key megatrends. The Group's leadership position bodes well for the development and growth of its long-term business prospects. These megatrends will continue to drive strong demand for the Group's business for years to come.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Three months ended 30 Sep		Nine months ended 30 Sep	
		2020	2019	2020	2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	4,267,775	4,159,354	11,969,312	11,434,143
Cost of sales		(2,862,777)	(2,714,347)	(7,910,212)	(7,457,034)
Gross profit		1,404,998	1,445,007	4,059,100	3,977,109
Other income		38,288	49,614	104,975	78,808
Selling and distribution expenses		(397,901)	(418,244)	(1,150,991)	(1,172,359)
General and administrative expenses		(238,983)	(241,612)	(712,391)	(698,048)
Research and development expenses		(413,685)	(435,951)	(1,200,145)	(1,264,953)
Other gains and losses		(27,511)	(11,836)	(56,193)	(37,143)
Other expenses	3	(10,014)	-	(97,262)	-
Finance costs		(38,748)	(42,151)	(118,407)	(169,976)
Profit before taxation		316,444	344,827	828,686	713,438
Income tax expense		(82,544)	(122,580)	(204,004)	(312,922)
Profit for the period		233,900	222,247	624,682	400,516
Profit (loss) for the period, attributable to:					
Owners of the Company		231,840	223,304	621,212	402,791
Non-controlling interests		2,060	(1,057)	3,470	(2,275)
		233,900	222,247	624,682	400,516
Earnings per share	4				
- Basic		HK\$0.57	HK\$0.55	HK\$1.52	HK\$0.99
- Diluted		HK\$0.57	HK\$0.55	HK\$1.52	HK\$0.99

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	233,900	222,247	624,682	400,516
Other comprehensive income (expense)				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	279,750	(174,778)	127,444	(226,165)
Fair value loss on hedging instruments designated as cash flow hedges, which may be reclassified subsequently to profit or loss	(12,173)	-	(50,827)	-
Other comprehensive income (expense) for the period	267,577	(174,778)	76,617	(226,165)
Total comprehensive income for the period	501,477	47,469	701,299	174,351
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	495,297	52,254	694,312	181,246
Non-controlling interests	6,180	(4,785)	6,987	(6,895)
	501,477	47,469	701,299	174,351

Notes:

1. Principal Accounting Policies

The financial highlights have been prepared under the historical cost basis except for the derivative financial instruments, other investments (classified as financial equity instruments at fair value through other comprehensive income) and certain financial liabilities which are measured at fair value at the end of each reporting period.

2. Segment Information

Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, unallocated other income and other losses, unallocated net foreign exchange loss and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, unallocated adjustment on contingent consideration for acquisitions and other expenses.

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

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue from external customers				
Semiconductor solutions	1,914,521	1,823,371	5,590,724	4,977,381
Surface mount technology ("SMT") solutions	1,750,713	1,843,864	4,800,020	5,120,455
Materials	602,541	492,119	1,578,568	1,336,307
	4,267,775	4,159,354	11,969,312	11,434,143
Segment profit				
Semiconductor solutions	177,920	178,996	598,122	298,429
SMT solutions	171,724	226,349	456,703	648,572
Materials	83,173	18,251	157,096	48,500
	432,817	423,596	1,211,921	995,501
Interest income	7,731	6,337	18,428	18,481
Finance costs	(38,748)	(42,151)	(118,407)	(169,976)
Unallocated other income and other losses	(3,697)	716	(9,004)	1,670
Unallocated net foreign exchange loss and fair value change of foreign currency forward contracts	(31,360)	(14,196)	(55,477)	(54,968)
Unallocated general and administrative expenses	(40,285)	(31,488)	(121,513)	(92,216)
Unallocated adjustment on contingent consideration for acquisitions	-	2,013	-	14,946
Other expenses	(10,014)	-	(97,262)	-
Profit before taxation	316,444	344,827	828,686	713,438

2. Segment Information - continued

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Segment profit %				
Semiconductor solutions	9.3%	9.8%	10.7%	6.0%
SMT solutions	9.8%	12.3%	9.5%	12.7%
Materials	13.8%	3.7%	10.0%	3.6%

3. Other expenses

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Restructuring costs	966	-	3,479	-
Other expenses (Note)	9,048	-	93,783	-
	10,014	-	97,262	-

Note: For the nine months ended 30 September 2020, certain expenses of HK\$93.8 million directly related and attributable to COVID-19 event are classified as a separate line item under other expenses. Of these, HK\$52.9 million were attributable to staff, space and depreciation expenses which the Group had to bear even though the affected plants were not operational in compliance with the respective government mandated closure of the plants and another HK\$40.9 million were incremental costs incurred such as additional transport arrangements, higher freight costs and costs of procuring personal protective equipment to ensure the safety and health of our staff.

4. 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 30 Sep		Nine months ended 30 Sep	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	231,840	223,304	621,212	402,791
	Number of Shares (in thousands)		Number of Shares (in thousands)	
	Three months ended 30 Sep 2020 (Unaudited)	2019 (Unaudited)	Nine months ended 30 Sep 2020 (Unaudited)	2019 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	408,565	406,284	408,721	406,464
Effect of dilutive potential shares:				
- New/Initial Employee Share Incentive Scheme	1,731	2,057	1,180	1,596
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	410,296	408,341	409,901	408,060

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2020.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Miss Orasa Livasiri (Chairman), Mr. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-Executive Directors, Mr. Benjamin Loh Gek Lim and Mr. Petrus Antonius Maria van Bommel as Non-Executive Directors, and Mr. Robin Gerard Ng Cher Tat, Mr. Guenter Walter Lauber and Ms. Patricia Chou Pei-Fen as Executive Directors.

On behalf of the Board
Robin Gerard Ng Cher Tat
Director

Hong Kong, 28 October 2020