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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2012 THIRD QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2012

ASM Gets Ready For The Next Upturn

- * **Group turnover of US\$391.5 million, an increase of 3.7% over the preceding quarter but a decline of 0.4% as compared to the same period last year**
- * **Net profit of HK\$250 million and earnings per share of HK\$0.63, representing decreases of 19.5% and 30.9% over the preceding quarter and the same period last year, respectively**
- * **Assembly and packaging equipment turnover of US\$198.8 million, representing a growth of 19.2% over the same period last year and a contraction of 4.2% from preceding three months**
- * **Record Lead frame turnover of US\$64.7 million, achieving a growth of 6.2% against the preceding three months and a surge of 26.4% over the same period last year**
- * **SMT equipment turnover of US\$128 million, representing an increase of 17.4% against the preceding three months and a decline of 27% over the same period last year**
- * **New order bookings of US\$259.9 million, a contraction of 41.1% over the preceding quarter**
- * **Cash on hand of HK\$1.1 billion at the end of September 2012**

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 2012:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASM”) reported a turnover of HK\$3,035 million for the three months ended 30 September 2012, representing a decrease of 0.4% as compared with HK\$3,049 million for the same period last year and an 3.7% increase when compared with the turnover of HK\$2,927 million for the preceding three-month period. The Group’s consolidated profit after taxation for the three months is HK\$250 million, which is 30.9% lower than the corresponding period in 2011 and 19.5% lower than the preceding three-month period. Basic earnings per share (EPS) for the three-month period amounted to HK\$0.63 (third quarter of 2011: HK\$0.91, second quarter of 2012: HK\$0.78).

The Group reported a turnover of HK\$8,181 million for the nine months ended 30 September 2012, representing a decrease of 21.3% as compared with HK\$10,398 million for the same period last year. The Group’s consolidated profit after taxation for the nine months is HK\$733 million which is 73.9% lower than the corresponding period in 2011. Profits for the first nine months of 2011 included a non-recurring one-time gain of HK\$1,084.4 million realized from the purchase of its SMT equipment business. Basic earnings per share (EPS) for the nine-month period amounted to HK\$1.85 (first nine-month period of 2011: HK\$7.08). Excluding the above one-time gain, the Group’s consolidated profit after taxation for the nine months is 57.4% lower than the corresponding period in 2011, comparing recurring net profits.

FINANCIAL HIGHLIGHTS

		Three months ended 30 Sep		Nine months ended 30 Sep	
		2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited and restated)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>Notes</i>				<i>Note 1</i>
Turnover	2	3,035,466	3,049,077	8,180,757	10,397,695
Cost of sales		(2,106,820)	(2,042,570)	(5,551,865)	(6,714,519)
Gross profit	4	928,646	1,006,507	2,628,892	3,683,176
Other income		3,905	3,570	9,777	18,518
Selling and distribution expenses		(244,756)	(230,420)	(692,979)	(657,914)
General and administrative expenses		(121,069)	(107,466)	(333,603)	(303,021)
Research and development expenses		(237,480)	(250,318)	(671,799)	(663,601)
Other gains and losses		(14,827)	15,805	(13,433)	(15,791)
Finance costs		(1,767)	(1,002)	(4,781)	(2,903)
Gain from a bargain purchase		-	-	-	1,084,427
Profit before taxation		312,652	436,676	922,074	3,142,891
Income tax expense		(63,135)	(75,450)	(188,951)	(337,378)
Profit for the period, attributable to owners of the Company		249,517	361,226	733,123	2,805,513
Other comprehensive income (expense) for the period					
- Exchange differences on translation of foreign operations		55,615	(113,510)	3,736	26,147
- Actuarial gains on retirement benefit plans, net of tax		-	17,787	-	17,787
Total comprehensive income for the period, attributable to owners of the Company		305,132	265,503	736,859	2,849,447
Earnings per share	5				
- Basic		HK\$0.63	HK\$0.91	HK\$1.85	HK\$7.08
- Diluted		HK\$0.62	HK\$0.90	HK\$1.84	HK\$7.06

Notes:

1. Restatements of results in accordance with HKFRS 3 (Revised)

On 7 January 2011, the Group acquired the entire equity interest of 13 direct and indirect subsidiaries (the “ASM AS Entities”) of Siemens Aktiengesellschaft (“Siemens AG”) (the “Acquisition”) of which the fair values of the identifiable assets, liabilities and contingent liabilities acquired were measured at provisional values. In December 2011, the Group had finalised the fair value assessment of the assets and liabilities at date of acquisition and adjusted the provisional amounts recognised previously when the annual consolidated financial statements of the Group for the year ended 31 December 2011 were prepared. In accordance with the requirements under Hong Kong Financial Reporting Standard 3 (Revised) “Business combinations” (“HKFRS 3 (Revised)”), the Group recognised the adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. The comparative figures in respect of the nine months ended 30 September 2011 have accordingly been restated.

Please refer to Note 6 for the effect of those restatements described above on the results for the respective periods.

2. Segment Information

Segment revenue and results

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

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited and restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue from external customers				
Assembly and packaging equipment	1,541,012	1,292,408	4,214,527	5,428,239
Surface mount technology equipment ("SMT")	992,763	1,359,834	2,654,880	3,768,884
Lead frame	501,691	396,835	1,311,350	1,200,572
	3,035,466	3,049,077	8,180,757	10,397,695
Segment profit (loss)				
Assembly and packaging equipment	200,675	215,029	652,650	1,744,455
Surface mount technology equipment				
- Profit before accounting for fair value adjustment to inventory acquired	107,697	227,795	256,944	523,146
- Fair value adjustment to inventory acquired	-	-	-	(120,888)
SMT segment profit	107,697	227,795	256,944	402,258
Lead frame	35,747	(9,211)	68,721	(41,733)
	344,119	433,613	978,315	2,104,980
Interest income	2,082	3,382	7,260	14,960
Finance costs	(1,767)	(1,002)	(4,781)	(2,903)
Gain from a bargain purchase	-	-	-	1,084,427
Unallocated other income	1,620	-	1,617	53
Unallocated net foreign exchange (loss) gain	(15,133)	16,027	(14,727)	(15,002)
Unallocated general and administrative expenses	(18,269)	(15,344)	(45,610)	(43,624)
Profit before taxation	312,652	436,676	922,074	3,142,891
Segment profit (loss) %				
Assembly and packaging equipment	13.0%	16.6%	15.5%	32.1%
Surface mount technology equipment				
- Before accounting for fair value adjustment to inventory acquired	10.8%	16.8%	9.7%	13.9%
- After accounting for fair value adjustment to inventory acquired	10.8%	16.8%	9.7%	10.7%
Lead frame	7.1%	(2.3%)	5.2%	(3.5%)

3. Analysis of quarterly segment revenue and results for the nine months ended 30 September 2012

	Three months ended			Change	
	30 September 2012 (Unaudited) HK\$'000	30 June 2012 (Unaudited) HK\$'000	31 March 2012 (Unaudited) HK\$'000	Q3 vs Q2	Q3 vs Q1
Segment revenue from external customers					
Assembly and packaging equipment	1,541,012	1,608,621	1,064,894	-4.2%	44.7%
Surface mount technology equipment	992,763	845,420	816,697	17.4%	21.6%
Lead frame	501,691	472,491	337,168	6.2%	48.8%
	3,035,466	2,926,532	2,218,759	3.7%	36.8%
Segment profit (loss)					
Assembly and packaging equipment	200,675	307,287	144,688	-34.7%	38.7%
Surface mount technology equipment	107,697	83,828	65,419	28.5%	64.6%
Lead frame	35,747	36,612	(3,638)	-2.4%	N/A
	344,119	427,727	206,469	-19.5%	66.7%
Interest income	2,082	1,804	3,374	15.4%	-38.3%
Finance costs	(1,767)	(710)	(2,304)	148.9%	-23.3%
Unallocated other income (expenses)	1,620	-	(3)	N/A	N/A
Unallocated net foreign exchange (loss) gain	(15,133)	(5,690)	6,096	166.0%	N/A
Unallocated general and administrative expenses	(18,269)	(20,358)	(6,983)	-10.3%	161.6%
Profit before taxation	312,652	402,773	206,649	-22.4%	51.3%
Segment profit (loss) %					
Assembly and packaging equipment	13.0%	19.1%	13.6%		
Surface mount technology equipment	10.8%	9.9%	8.0%		
Lead frame	7.1%	7.7%	(1.1%)		

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax ("EBIT") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow:

Nine months ended 30 September 2012						
	Back-end Business (Note a)	SMT Business	Total			
	(Unaudited)	(Unaudited)	(Unaudited)			
	HK\$'000	HK\$'000	HK\$'000			
Turnover	5,525,877	2,654,880	8,180,757			
Gross Profit	1,809,890	819,002	2,628,892			
EBIT	668,281	251,315	919,596			
Gross Profit %	32.8%	30.8%	32.1%			
EBIT %	12.1%	9.5%	11.2%			

Nine months ended 30 September 2011						
	Back-end Business (Note a)	SMT Business	Total before effect of acquisition- date fair value increase of inventories and gain from a bargain purchase	Effect of acquisition- date fair value increase of inventories	Gain from a bargain purchase	Total after effect of acquisition- date fair value increase of inventories and gain from a bargain purchase
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	6,628,811	3,768,884	10,397,695	-	-	10,397,695
Gross Profit	2,699,551	1,104,513	3,804,064	(120,888)	-	3,683,176
EBIT	1,639,798	527,498	2,167,296	(120,888)	1,084,427	3,130,835
Gross Profit %	40.7%	29.3%	36.6%			35.4%
EBIT %	24.7%	14.0%	20.8%			30.1%

4. An analysis of the Group's turnover, gross profit and earnings before interest and tax ("EBIT") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow: - continued

Three months ended 30 September 2012			
	Back-end Business (Note a)	SMT Business	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Turnover	2,042,703	992,763	3,035,466
Gross Profit	628,920	299,726	928,646
EBIT	215,523	96,815	312,338
Gross Profit %	30.8%	30.2%	30.6%
EBIT %	10.6%	9.8%	10.3%

Three months ended 30 September 2011			
	Back-end Business (Note a)	SMT Business	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Turnover	1,689,243	1,359,834	3,049,077
Gross Profit	557,691	448,816	1,006,507
EBIT	186,114	248,183	434,297
Gross Profit %	33.0%	33.0%	33.0%
EBIT %	11.0%	18.3%	14.2%

Note a: Back-end Business: Assembly and Packaging Equipment and Lead Frame

5. 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	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited and restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	249,517	361,226	733,123	2,805,513
	Number of Shares (in thousand)		Number of Shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	397,309	396,119	397,415	396,119
Effect of dilutive potential shares from the Employee Share Incentive Scheme	1,226	1,364	876	1,058
Weighted average number of ordinary shares for the purpose of diluted earnings per share	398,535	397,483	398,291	397,177

6. Effect of restatements in accordance with HKFRS 3 (Revised) on the results of the Group:

	Nine months ended 30 September 2011		
	(Unaudited and originally stated) HK\$'000	Effect of subsequent fair value adjustments HK\$'000	(Unaudited and restated) HK\$'000
Turnover	10,397,695	-	10,397,695
Cost of sales	(6,714,519)	-	(6,714,519)
Gross profit	3,683,176	-	3,683,176
Other income	18,518	-	18,518
Selling and distribution expenses	(657,914)	-	(657,914)
General and administrative expenses	(303,021)	-	(303,021)
Research and development expenses	(663,601)	-	(663,601)
Other gains and losses	(15,791)	-	(15,791)
Finance costs	(2,903)	-	(2,903)
Gain from a bargain purchase	1,053,565	30,862	1,084,427
Profit before taxation	3,112,029	30,862	3,142,891
Income tax expense	(366,495)	29,117	(337,378)
Profit for the period, attributable to owners of the Company	2,745,534	59,979	2,805,513
Other comprehensive income for the period			
- Exchange differences on translation of foreign operations	26,147	-	26,147
- Actuarial gains on retirement benefit plans, net of tax	17,787	-	17,787
Total comprehensive income for the period, attributable to owners of the Company	2,789,468	59,979	2,849,447
Earnings per share			
- Basic	HK\$6.93	HK\$0.15	HK\$7.08
- Diluted	HK\$6.91	HK\$0.15	HK\$7.06

REVIEW

It is affirmation of the Group's resilience that it has maintained a similar level of billings in the third quarter as compared with the second quarter of 2012 even in the midst of worsening market conditions. It is particularly notable that a new record was achieved in respect of Lead frame billings. Assembly and Packaging Equipment billings registered a strong double-digit growth year-on-year, although there was a small decline as compared with the previous quarter. SMT Equipment billings achieved double digit growth over the second quarter, although they were still lower as compared with the third quarter of last year.

The third quarter of this year was a difficult one for the manufacturing sector as a whole. However, the strong backlog that the Group enjoyed at the end of the second quarter contributed to the relatively strong billing performance. The turnaround in the semiconductor industry experienced in the second quarter appeared to have stalled by the third quarter in the face of strong macroeconomic headwinds. The increase in capacity growth in the semiconductor industry despite rising inventory and slowing demand ultimately took its toll, and as a result the much-anticipated strength in the third quarter has failed to materialize. The sovereign debt problems in Europe, the sluggish economy in the USA and apparent deceleration of economic growth rates in the emerging countries, notably China and India, all seem to have contributed to the pessimism.

Many customers have indicated to us that their loading had weakened as compared to the first half of this year. Even the LED market has been affected by the global economic headwinds, as the momentum of recovery started to slow since the third quarter of this year.

In the SMT Equipment market, we noticed that the downturn has continued to persist with no clear indication of an end to the slump. Overall, production of smart phones was the only significant bright spot in the market. We now expect recovery of the Assembly and Packaging Equipment and SMT Equipment markets to take place in the second part of the first quarter of 2013 at the earliest.

Against the above backdrop, bookings for the Group have reduced significantly from the second quarter of this year. We also experienced more requests by customers to push-out orders, especially for our Lead frame business despite Lead frame billings achieving a new record. We believe that this had arisen because our customers had anticipated strong growth in the third quarter, and were thus preparing for an expected ramp-up during the second quarter. Unfortunately, in the face of deteriorating market conditions and shortened lead times offered by suppliers, they reacted by adjusting their inventory planning. Since we believe that the adjustment has been completed, we expect Lead frame bookings to rebound moderately in the fourth quarter.

During the third quarter of 2012, Group revenue amounted to US\$391.5 million, representing an increase of 3.7% against the preceding three months but a decline of 0.4% as compared to the same period last year.

Assembly and Packaging Equipment revenue grew by 19.2% to US\$198.8 million as compared to the same period a year ago but suffered a 4.2% decline from the preceding quarter. Assembly and Packaging Equipment revenue contributed to 50.8% of the Group's turnover. Lead frame revenue was US\$64.7 million, which was a new record. Lead frame revenue increased by 26.4% and 6.2% as compared to the same period last year and compared to the preceding three months, respectively. Lead frame revenue contributed to 16.5% of the Group's turnover.

REVIEW – continued

SMT Equipment revenue amounted to US\$128.0 million in the third quarter, representing an increase of 17.4% over the preceding quarter and a decline of 27.0% from the same period last year, respectively. During the first nine months of 2012, the SMT Equipment business contributed net profits of HK\$162.2 million to the Group. EBIT margin and gross margin for the SMT Equipment business were 9.8% and 30.2%, respectively during the third quarter.

By geographical distribution, China, inclusive of Hong Kong (51.9%), Europe (12.1%), the Americas (9.2%), Malaysia (8.0%) and Taiwan (7.6%) were the top five markets for ASM in the third quarter of 2012.

Bookings for the third quarter were US\$259.9 million, representing a 41.1% decline as compared to the second quarter this year. Bookings for the nine-month period amounted to US\$1.1 billion, a 5.8% decline as compared to the same period last year.

As of 30 September 2012, our order backlog amounted to US\$307.6 million, a decline of 29.6% as compared to three months earlier.

During the third quarter, profitability of the Group was negatively affected by the weakness of the Assembly and Packaging Equipment business. The profit margin for this business segment, which is roughly similar to its EBIT margin, declined from 19.1% in the second quarter this year to 13.0% in the third quarter. The fall in margins was primarily due to the effects of downward pressure on average selling price (“ASP”), product mix and lower volume. The Group has launched an aggressive cost reduction programme aimed at returning to normal profitability levels next year when market demand is expected to recover.

Our cash-on-hand as of end-September 2012 is at HK\$1.1 billion. Due to the weak economic and market conditions, we have slowed our capital expenditure (“capex”) accordingly. Capital addition during the period amounted to HK\$120.9 million, which is partially funded by this quarter’s depreciation and amortization of HK\$99.6 million. The new capex commitment made in the quarter was significantly lower than the amount stated above.

PROSPECTS

The outlook for the global semiconductor industry is very much dependent on the outlook for the world economy. Until normalcy returns, our customers’ desire and confidence to make further investments will continue to be adversely affected by the economic uncertainties and an abundance of caution.

As the year-end is traditionally the low season of the semiconductor industry, we do not expect a significant improvement in market conditions until next year. Therefore, we expect a challenging fourth quarter for the Group. Nevertheless, there is some upside potential over the following months as a result of stabilizing demand, and the encouraging performance from the rollout of new mobile devices.

Since the semiconductor industry appears to have been reacting fairly quickly in response to the changing global economic conditions, we see limited risk of an inventory build-up in the supply chain. Chip inventory is likely to peak and demand may bottom out by year-end. Hence, there is a good opportunity for capacity utilization to recover strongly from the second quarter of 2013 onwards in the event that favourable conditions reappear. Accordingly, we expect a strong recovery ahead of us once consumer confidence is restored. As and when the dark clouds on the economic horizon dissipate and capex momentum picks up again, we are confident that the global semiconductor industry will continue its long-term trend of healthy growth.

PROSPECTS – continued

Meanwhile, we will tighten control of our costs and expenses to maintain our productivity and competitiveness throughout this challenging period. We are also taking various proactive measures to prepare for the next upturn. In particular, we intend to intensify our integration efforts between the Assembly and Packaging and SMT Equipment businesses, strengthen the operational synergies that have been envisaged and step up our cost-reduction efforts in the SMT Equipment business. We also intend to turn more to outsourcing to cope with additional capacity demands during future upturns. To this end, we aim to strike a better balance between fixed and variable costs in our manufacturing operations.

We will capitalize on our financial strength and R&D capabilities that have been built over many years to take advantage of market opportunities whenever they arise. The management continues to adopt a long-term approach to look beyond the immediate market conditions and to deliver the best value propositions to our customers. With the increasing popularity of mobile devices, we believe that adoption of 2.5D and/or 3D packages will accelerate. ASM continues to invest heavily in thermal compression bonding (TCB) technologies and related areas to support such growth. We are confident that it will bring significant business opportunities to the Group in the near future.

Our customer-centricity and extensive marketing network enables us to be responsive to the needs of the market. The Group is well-positioned to capture growth from each semiconductor cycle when market opportunities present themselves. As in previous downturns, we are confident that we will continue to turn crises into opportunities.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2012.

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, Mr. James Chow Chuen and Mr. Robin Gerard Ng Cher Tat as Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel 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, 24 October 2012