ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2016 FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

ASMPT Delivers Resilient Performance Amid Challenging Market Conditions

- Group revenue of US$368.3 million contracted by 6.3% and 2.3% against the same period of last year and the preceding three months, respectively

- Net profit of HK$127.9 million was 55.0% lower than the same period of last year but 156.7% higher over the preceding three months, respectively

- Earnings per share was HK$0.33, representing a drop of HK$0.38 against the same period of last year but an improvement of HK$0.20 over the preceding three months

- Back-end Equipment revenue was US$164.8 million, representing a contraction of 6.3% against the same period of last year but an improvement of 7.8% over the preceding three months

- Materials revenue was US$55.1 million, representing a contraction of 3.0% against the same period of last year but an improvement of 5.1% over the preceding three months

- SMT Solutions revenue was US$148.4 million, representing contractions of 7.6% and 13.5% against the same period of last year and the preceding three months respectively

- Group bookings of US$409.3 million increased by 7.5% over the preceding three months but contracted by 11.9% against the same period of last year

- Cash and bank deposits was HK$2.88 billion at the end of March 2016, as compared to HK$2.28 billion at the end of 2015

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the three months ended 31 March 2016:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved revenue amounting to **HK$2.86 billion** (US$368.3 million) for the three months ended 31 March 2016, which was a decrease of 6.3% as compared with HK$3.06 billion (US$394.1 million) for the first quarter of 2015 and a reduction of 2.3% from the preceding quarter. The Group's consolidated profit after taxation for the first quarter of 2016 was **HK$127.9 million** as compared to a profit of HK$284.6 million in the corresponding period in 2015, and a profit of HK$49.8 million in the previous quarter. Basic earnings per share (EPS) for the first quarter of 2016 amounted to **HK$0.33** (first quarter of 2015: HK$0.71, fourth quarter of 2015: HK$0.13).

FINANCIAL HIGHLIGHTS

		Three months ended		
		31 March 2016 (Unaudited) HK$'000	31 December 2015 (Unaudited) HK$'000	31 March 2015 (Unaudited) HK$'000
	Notes			
Revenue	1	**2,862,074**	2,928,394	3,055,866
Cost of sales		**(1,915,970)**	(1,841,886)	(1,942,731)
Gross profit		**946,104**	1,086,508	1,113,135
Other income		**5,271**	7,863	7,674
Selling and distribution expenses		**(285,860)**	(333,223)	(298,111)
General and administrative expenses		**(172,000)**	(209,554)	(170,803)
Research and development expenses		**(266,286)**	(306,076)	(281,232)
Other gains and losses		**(4,923)**	(8,418)	70,438
Other expenses		**(1,394)**	(28,496)	-
Finance costs		**(49,489)**	(39,956)	(37,796)
Profit before taxation		**171,423**	168,648	403,305
Income tax expense		**(43,492)**	(118,818)	(118,709)
Profit for the period		**127,931**	49,830	284,596
Profit for the period attributable to:				
Owners of the Company		**133,792**	53,107	284,596
Non-controlling interests		**(5,861)**	(3,277)	-
		127,931	49,830	284,596
Earnings per share	2			
- Basic		**HK$0.33**	HK$0.13	HK$0.71
- Diluted		**HK$0.33**	HK$0.13	HK$0.71

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		
	31 March 2016	31 December 2015	31 March 2015
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000
Profit for the period	**127,931**	49,830	284,596
Other comprehensive income (expense)			
- exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	**137,869**	(86,771)	(268,447)
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss	**-**	11,689	-
Other comprehensive income (expense) for the period	**137,869**	(75,082)	(268,447)
Total comprehensive income (expense) for the period	**265,800**	(25,252)	16,149
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company	**271,596**	(21,976)	16,149
Non-controlling interests	**(5,796)**	(3,276)	-
	265,800	(25,252)	16,149

Notes:

1. Segment Information

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

	Three months ended		
	31 March	31 December	31 March
	2016	2015	2015
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000
Segment revenue from external customers			
Back-end equipment	**1,280,423**	1,187,377	1,366,290
Surface mount technology ("SMT") solutions	**1,153,610**	1,333,800	1,248,098
Materials	**428,041**	407,217	441,478
	2,862,074	2,928,394	3,055,866
Segment profit			
Back-end equipment	**157,460**	27,749	171,255
SMT solutions	**53,756**	208,059	165,795
Materials	**40,054**	24,030	41,913
	251,270	259,838	378,963
Interest income	**3,858**	1,139	1,959
Finance costs	**(49,489)**	(39,956)	(37,796)
Unallocated other expenses	**-**	(2)	-
Unallocated net foreign exchange (loss) gain	**(7,725)**	(8,701)	69,545
Unallocated general and administrative expenses	**(25,097)**	(15,174)	(9,366)
Restructuring costs	**(1,394)**	(28,496)	-
Profit before taxation	**171,423**	168,648	403,305
Segment profit %			
Back-end equipment	**12.3%**	2.3%	12.5%
SMT solutions	**4.7%**	15.6%	13.3%
Materials	**9.4%**	5.9%	9.5%

2. 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 March 2016 (Unaudited) HK$'000	31 December 2015 (Unaudited) HK$'000	31 March 2015 (Unaudited) HK$'000
Earnings for the purposes of basic and diluted earnings per share			
(Profit for the period attributable to owners of the Company)	**133,792**	53,107	284,596
	Number of Shares (in thousands)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**404,491**	402,688	402,519
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**15**	1,919	4
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**404,506**	404,607	402,523

Note: The computation of diluted earnings per share for the three months ended 31 March 2016, 31 December 2015 and 31 March 2015 did not assume the conversion of the Company's outstanding convertible bonds because the assumed conversion would result in an increase in earnings per share.

REVIEW

As we have anticipated, Group bookings in the first quarter of this year continued to improve over the preceding quarter. During the first quarter, Group bookings amounted to US$409.3 million, which was 7.5% better than the fourth quarter of last year, although it was a decline of 11.9% from the corresponding period of last year. The quarter-to-quarter booking improvement was a relatively small one, when compared with the growth rates over the same periods during the past few years. This is due to the relatively high order intake in the fourth quarter of 2015 as compared to corresponding quarters in previous years coupled with the fact that the industry is still working its way out of the current business cycle in this macroeconomic condition.

The contraction relative to the same period last year is strongly related to the slow global demand and prolonged manufacturing slump in China. It is worth noting that Group bookings during the first quarter of this year were slightly above that of the first quarter of 2014, when the Group went on to achieve a new annual revenue record that year. Although there is still no sign at present to suggest that the Group will experience the same buoyant demand that it had experienced during the second and third quarters of 2014, based on current market information, we do expect stronger demand towards the second half of 2016 compared to the corresponding period in 2015.

By business segment, bookings for our Materials Segment showed the most improvement. Bookings for the Materials Segment grew by 13.8% from the preceding quarter and by 18.8% from the corresponding period last year.

From our past experience, bookings received in respect of Materials have consistently served as a leading market indicator. If history repeats itself, the Back-end equipment market may well be on its way to a recovery soon.

During the first quarter of this year, bookings for our Back-end Equipment Segment increased by 23.3% quarter-on-quarter but decreased by 6.6% year-on-year. Demand for CMOS Imaging Sensor (CIS) remained strong and demand for integrated circuit and discrete equipment continued to show improvement on a quarterly basis. As a result, all major products in the Back-end Equipment Segment experienced quarterly bookings growth and some also showed bookings growth as compared with the first quarter of last year.

Bookings for our SMT Solutions Segment experienced contractions of 10.4% and 26.1% from the preceding quarter and the same period last year, respectively. These contractions were not unexpected as the SMT equipment market typically lags behind the Back-end equipment market by one to two quarters.

The Group’s book-to-bill ratio, representing net bookings over billings, was 1.11. The backlog as of the end of the first quarter increased to US$433.7 million, which was an expansion of 11.5% from the end of last year.

During the first quarter, Group billings amounted to US$368.3 million, representing contractions of 2.3% and 6.3% from the preceding quarter and the same period last year, respectively. Group billings were slightly below our expectations that they would be at a level similar to or slightly better than the fourth quarter of last year. The small shortfall was mainly attributable to supply issues that we faced from our suppliers after the Chinese New Year holidays.

REVIEW – continued

The first-quarter billings for the Back-end Equipment Segment were US$164.8 million, representing an improvement of 7.8% against the previous quarter and a contraction of 6.3% from the corresponding period last year. Demand for LED equipment was strong. Billings for wire bonders, flip chip bonders, CIS equipment as well as laser grooving and dicing equipment all achieved year-on-year growth. Back-end Equipment revenue contributed to 44.7% of the Group's revenue during the first quarter of 2016. Although its revenue was still at a low level, the Back-end Equipment Segment achieved a gross margin of 39.9%, representing improvements of 2.6% (262 bps) and 0.4% (43 bps) over the preceding quarter and the same period last year, respectively. Correspondingly, the segment result was 12.3%, representing an improvement of 10.0% (996 bps) over the preceding quarter but a contraction of 0.2% (24 bps) from the same period last year.

During the first quarter, revenue from the Materials Segment amounted to US$55.1 million, representing growth of 5.1% relative to the previous quarter and a small reduction of 3.0% from the same period last year. Revenue from our Materials Segment contributed to 15.0% of the Group's revenue during the first quarter of 2016. The business segment continued to make progress in improving its gross margin and profitability. During the first quarter, it achieved a gross margin and a segment result of 16.4% and 9.4%, respectively. Such gross margin represented a quarter-on-quarter improvement of 1.0% (101 bps) and a year-on-year improvement of 1.0% (100 bps), whereas the segment result represented an improvement of 3.5% (346 bps) quarter-on-quarter but a contraction of 0.1% (14bps) year-on-year.

The SMT Solutions Segment earned US$148.4 million in revenue in the first quarter, which represented contractions of 13.5% quarter-on-quarter and 7.6% year-on-year. Revenue from the SMT Solutions Segment contributed to 40.3% of the Group's revenue during the first quarter of 2016.

Primarily as a result of product mix and lower revenue, the gross margin of our SMT Solutions Segment showed a significant reduction from the preceding quarter to 31.7%. Due to changes in mix, gross margin of our SMT Solutions Segment can fluctuate strongly quarter-on-quarter. However, we have not observed any structural factor that may lead us to anticipate that we would not be able to achieve a full-year gross margin in the high-30% to 40% level for this business segment. The SMT Solutions Segment achieved a segment result of 4.7% during the first quarter, representing contractions of 10.9% (1094 bps) and 8.6% (862 bps) against the preceding quarter and the same period of last year, respectively.

Geographically, the top five markets for the Group in the first quarter of 2016 were China (including Hong Kong) (49.2%), Europe (18.8%), the Americas (8.9%), Malaysia (7.1%) and Taiwan (3.9%).

Capital addition during the period amounted to HK$119.9 million (US$15.4 million), which was mostly funded by the quarter's depreciation and amortization of HK$110.8 million (US$14.3 million).

As the lease of the Group's factory in Yantian, Shenzhen, China will expire in 2017 and the area has been zoned for redevelopment by the local government, the Group has decided to relocate its Yantian factory to Longgang, Shenzhen where the Group has been operating since 2014. We believe that the consolidation will help to improve the efficiency and logistics of the Group's manufacturing operations in Shenzhen.

The Group ended the quarter with a strong cash balance, mainly due to reductions in its Accounts Receivables. As of the end of March 2016, the Group had cash and bank deposits amounting to HK$2.88 billion (US$370.8 million).

PROSPECTS

As the improvement in bookings continues, we expect that Group billings will show a corresponding improvement in the second quarter. Although we expect Group billings to achieve a double-digit percentage growth over the first quarter of this year, they should still be less than the billings attained in the second quarter of last year.

Growth is expected to be driven mainly by our Back-end Equipment and Materials Segments. For the first six months of the year, we expect Group billings to be lower than the same period last year but billings are likely to be above the level attained during the first half of 2014. In terms of bookings, we expect that they will experience a further rise from the first quarter of this year.

We believe that our strategically evolving company will be able to outperform the market again during 2016 due to our diversified application markets, our efforts to develop products to address growth markets, our extensive product portfolio, and our large customer base.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2016.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (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. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 21 April 2016