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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2019 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Bookings and Segment Profit Margins Improved QoQ

First Half of 2019

- Group revenue of US$927.3 million decreased 24.4% and 26.8% over the first and second six-month periods of last year, respectively
- Net profit of HK$178.3 million decreased 87.2% and 78.1% as compared with the first six-month period of the last year and the second six-month period of the last year, respectively
- Earnings per share of HK$0.44 for the first half of 2019
- Back-end equipment revenue of US$402.0 million decreased 37.6% and 25.0% over the first and second six-month periods of last year, respectively
- Materials revenue of US$107.6 million decreased 28.6% and 21.3% over the first and second six-month periods of last year, respectively
- SMT Solutions revenue of US$417.7 million decreased 3.0% and 29.7% over the first six-month period and the second six-month period of last year, respectively
- New order bookings of US$1.06 billion decreased 28.3% and 2.8% over the first and second six-month periods of last year, respectively
- Order backlog of US$795.2 million as of 30 June 2019

Second Quarter of 2019

- Group revenue of US$460.7 million decreased 1.2% and 31.4% over the preceding quarter and the same period last year, respectively
- Net profit of HK$70.0 million decreased 35.3% and 91.0% over the preceding quarter and the same period last year, respectively
- Earnings per share of HK$0.17 for the second quarter 2019
- Group operating profits of HK$253.3 million increased 5.8% over the preceding quarter and decreased 78.5% over the same period last year
- Back-end equipment revenue of US$206.1 million increased 5.2% over the preceding quarter and decreased 43.2% over the same period last year
- Materials revenue of US$57.1 million increased 13.2% over the preceding quarter and decreased 25.0% over the same period last year
- SMT Solutions revenue of US$197.5 million decreased 10.3% and 15.1% over the preceding quarter and the same period last year, respectively
- New order bookings of US$601.9 million increased 30.8% over the preceding quarter and decreased 17.3% over the same period last year
- Cash and bank deposits of HK$2.51 billion as of 30 June 2019

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2019:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") achieved a revenue of **HK$7.27 billion** (US$927.3 million) in the six months ended 30 June 2019, representing a decrease of 24.4% as compared with HK$9.62 billion (US$1.23 billion) for the first six months of 2018 and a decrease of 26.8% over the preceding six months. The Group's consolidated profit after taxation for the first six months of 2019 was **HK$178.3 million** as compared with a profit of HK$1.40 billion in the corresponding period in 2018 and a profit of HK$814.3 million in the preceding six months. Basic earnings per share (EPS) for the first six months of 2019 amounted to HK$0.44 (first six months of 2018: HK$3.46, second six months of 2018: HK$2.01).

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$1.30 (2018: HK$1.30) per share, payable to shareholders whose names appear on the Register of Members of the Company on 21 August 2019.

For the purpose of determining shareholders' entitlement to the abovementioned interim dividend, the Register of Members of the Company will be closed from 19 August 2019 to 21 August 2019, both days inclusive, during which period no share transfers can be registered. In order to qualify for the abovementioned interim 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 16 August 2019. The interim dividend will be paid on or about 30 August 2019.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 June		Six months ended 30 June	
		2019	2018	**2019**	2018
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Revenue	2	**3,614,774**	5,270,477	**7,274,789**	9,616,377
Cost of sales		**(2,322,896)**	(2,991,270)	**(4,742,687)**	(5,704,254)
Gross profit		**1,291,878**	2,279,207	**2,532,102**	3,912,123
Other income		**15,106**	14,841	**29,194**	35,334
Selling and distribution expenses		**(385,694)**	(417,579)	**(754,115)**	(769,415)
General and administrative expenses		**(232,978)**	(273,114)	**(456,436)**	(506,010)
Research and development expenses		**(419,946)**	(409,037)	**(829,002)**	(763,695)
Other gains and losses	5	**(41,515)**	(23,499)	**(25,307)**	7,449
Finance costs	6	**(41,018)**	(44,322)	**(127,825)**	(81,002)
Profit before taxation		**185,833**	1,126,497	**368,611**	1,834,784
Income tax expense	7	**(115,801)**	(344,673)	**(190,342)**	(437,336)
Profit for the period		**70,032**	781,824	**178,269**	1,397,448
Profit (loss) for the period, attributable to:					
Owners of the Company		**69,429**	783,758	**179,487**	1,401,538
Non-controlling interests		**603**	(1,934)	**(1,218)**	(4,090)
		70,032	781,824	**178,269**	1,397,448
Earnings per share	9				
- Basic		**HK$0.17**	HK$1.94	**HK$0.44**	HK$3.46
- Diluted		**HK$0.17**	HK$1.91	**HK$0.44**	HK$3.42

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit for the period	**70,032**	781,824	**178,269**	1,397,448
Other comprehensive expense				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	**(69,605)**	(341,425)	**(51,387)**	(110,889)
Total comprehensive income for the period	**427**	440,399	**126,882**	1,286,559
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	**(674)**	442,332	**128,992**	1,290,656
Non-controlling interests	**1,101**	(1,933)	**(2,110)**	(4,097)
	427	440,399	**126,882**	1,286,559

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**2,904,121**	2,850,450
Right-of-use assets		**1,711,426**	-
Investment property		**55,307**	56,206
Goodwill		**1,053,468**	1,057,816
Intangible assets		**1,243,795**	1,305,622
Prepaid lease payments		**-**	126,732
Other investments		**55,760**	56,355
Deposits paid for acquisition of property, plant and equipment		**33,224**	40,672
Rental deposits paid		**33,166**	42,033
Deferred tax assets		**393,320**	355,210
Other non-current assets		**16,420**	16,343
		7,500,007	5,907,439
Current assets			
Inventories		**6,857,165**	6,541,939
Trade and other receivables	10	**4,778,449**	6,324,901
Prepaid lease payments		**-**	3,863
Derivative financial instruments		**919**	1,852
Income tax recoverable		**42,324**	44,134
Pledged bank deposits		**2,046**	2,054
Bank deposits with original maturity of more than three months		**9,106**	9,198
Bank balances and cash		**2,499,615**	2,240,022
		14,189,624	15,167,963
Current liabilities			
Trade liabilities and other payables	11	**2,684,851**	3,165,478
Advance payments from customers		**866,964**	718,694
Derivative financial instruments		**15,654**	32,697
Lease liabilities/ obligations under finance leases		**191,823**	410
Provisions		**286,698**	330,933
Income tax payable		**529,271**	533,701
Convertible bonds	12	**-**	2,224,652
Bank borrowings		**503,680**	786,021
		5,078,941	7,792,586
Net current assets		**9,110,683**	7,375,377
		16,610,690	13,282,816

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- continued

	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Capital and reserves		
Share capital	**40,667**	40,667
Dividend reserve	**528,673**	569,340
Other reserves	**11,147,186**	11,557,541
Equity attributable to owners of the Company	**11,716,526**	12,167,548
Non-controlling interests	**215**	(6,893)
Total equity	**11,716,741**	12,160,655
Non-current liabilities		
Lease liabilities/ obligations under finance leases	**1,428,518**	736
Retirement benefit obligations	**184,874**	171,515
Provisions	**56,723**	48,528
Bank borrowings	**2,861,565**	473,740
Deferred tax liabilities	**217,687**	250,783
Other liabilities and accruals	**144,582**	176,859
	4,893,949	1,122,161
	16,610,690	13,282,816

Notes:

1. Principal accounting policies

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

In the current interim period, the Group has applied, for the first time, a number of new and amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

***Impacts and changes in accounting policies of application on HKFRS 16** "**Leases**"*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Summary of effects arising from initial application of HKFRS 16

As a lessee

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognized lease liabilities of HK$1,653,143,000 and right-of-use assets of HK$1,757,053,000 at 1 January 2019.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 3.57%.

1. Principal accounting policies - continued

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	1,982,665
Lease liabilities discounted at relevant incremental borrowing rates	1,515,515
Add: Extension options reasonably certain to be exercised	159,672
Less: Recognition exemption – short-term leases	(13,352)
Recognition exemption – low-value assets	(8,692)
Lease liabilities relating to operating leases recognized upon application of HKFRS 16 and lease liabilities as at 1 January 2019	1,653,143
Analysed as	
Current	172,923
Non-current	1,480,220
	1,653,143

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16		1,587,266
Reclassified from prepaid lease payments	(a)	130,595
Adjustment included in property, plant and equipment under HKAS 17		
- Restoration and reinstatement costs	(b)	27,652
Adjustment on rental deposits at 1 January 2019	(c)	11,540
		1,757,053
By class:		
Leasehold lands		135,781
Land and buildings		1,602,849
Office equipment		1,881
Motor vehicles		16,542
		1,757,053

1. Principal accounting policies - continued

The following table summarizes the impacts of transition to HKFRS 16 on retained profits at 1 January 2019.

	Notes	Impacts of adopting HKFRS 16 at 1 January 2019 HK$'000 Increase (decrease)
Retained profits		
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16		1,587,266
Lease liabilities relating to operating leases recognized upon application of HKFRS 16		(1,653,143)
Adjustment on rental deposits at 1 January 2019	(c)	(35)
Adjustment on prepaid and accrued lease payments	(e)	13,360
Tax effects		12,342
Impacts at 1 January 2019		(40,210)

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

Impacts on assets, (liabilities) and (reserve) as at 1 January 2019

	Notes	Carrying amounts previously reported at 31 December 2018 HK$'000 (Audited)	Impacts of adopting HKFRS 16 HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000 (Restated)
Deferred tax assets		355,210	12,342	367,552
Property, plant and equipment		2,850,450	(27,652)	2,822,798
Right-of-use assets		-	1,757,053	1,757,053
Prepaid lease payments - non-current	(a)	126,732	(126,732)	-
Prepaid lease payments - current	(a)	3,863	(3,863)	-
Rental deposits paid	(c)	42,033	(11,575)	30,458
Trade and other receivables	(d)	6,324,901	(1,651)	6,323,250
Trade liabilities and other payables	(e)	(3,165,478)	15,011	(3,150,467)
Lease liabilities - current		-	(172,923)	(172,923)
Lease liabilities - non-current		-	(1,480,220)	(1,480,220)
Retained profits		(10,414,081)	40,210	(10,373,871)

1. Principal accounting policies - continued

Notes:

(a) Upfront payments for leasehold lands were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the non-current and current portions of prepaid lease payments amounting to HK$126,732,000 and HK$3,863,000 respectively were reclassified to right-of-use assets.

(b) In relation to the leases of offices that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property, plant and equipment amounting to HK$27,652,000 as at 1 January 2019 were included as right-of-use assets.

(c) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$11,540,000, HK$35,000 and HK$11,575,000 were adjusted to right-of-use assets, retained profits and refundable rental deposits paid, respectively.

(d) Prepayments for rent

These relate to prepaid lease expense for leases of properties before the expense incurred. The carrying amount of the prepaid lease expense as at 1 January 2019 was adjusted to right-of-use assets at transition.

(e) Rent-free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

Further details of the new principal accounting policies are set out in the Company's 2019 Interim Report which will be published on the Company's website in August 2019.

2. Segment information

The Group has three (2018: three) operating segments: development, production and sales of (1) back-end equipment, (2) surface mount technology ("SMT") solutions and (3) materials. They represent three 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 the Company's Chief Executive Officer, the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. The Group is organized and managed around the three (2018: three) major types of products manufactured by the Group. No operating segments have been aggregated in arriving at reportable segments of the Group.

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

2. Segment information – continued

Segment revenue and results

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Segment revenue from external customers		
Back-end equipment	**3,154,010**	5,056,555
SMT solutions	**3,276,591**	3,377,027
Materials	**844,188**	1,182,795
	7,274,789	9,616,377
Segment profit		
Back-end equipment	**119,433**	1,363,996
SMT solutions	**422,223**	540,178
Materials	**30,249**	84,116
	571,905	1,988,290
Interest income	**12,144**	18,714
Finance costs	**(127,825)**	(81,002)
Unallocated other income	**954**	453
Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts	**(40,772)**	1,539
Unallocated general and administrative expenses	**(60,728)**	(93,210)
Unallocated adjustment on contingent consideration for an acquisition	**12,933**	-
Profit before taxation	**368,611**	1,834,784
Segment profit %		
Back-end equipment	**3.8%**	27.0%
SMT solutions	**12.9%**	16.0%
Materials	**3.6%**	7.1%

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision maker for review.

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

2. Segment information – continued

Geographical analysis of revenue by location of customers

	Revenue from external customers Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China	**2,925,505**	3,766,277
Europe	**1,329,508**	1,651,744
- Germany	**477,702**	584,737
- Hungary	**112,550**	147,485
- Austria	**75,836**	56,175
- France	**72,667**	151,223
- Romania	**63,363**	127,049
- Others	**527,390**	585,075
Americas	**581,724**	604,750
- United States of America	**401,003**	406,787
- Mexico	**89,737**	111,205
- Canada	**45,696**	41,914
- Others	**45,288**	44,844
Malaysia	**467,535**	663,988
Vietnam	**441,036**	262,859
Taiwan	**338,567**	453,927
Hong Kong	**337,029**	863,448
Thailand	**211,967**	336,327
Korea	**208,539**	345,174
Philippines	**189,052**	202,680
Japan	**86,050**	280,309
Singapore	**81,884**	48,598
Others	**76,393**	136,296
	7,274,789	9,616,377

3. Analysis of quarterly segment revenue and results for the three months ended 30 June 2019

	Three months ended		
	30 June 2019	31 March 2019	30 June 2018
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000
Segment revenue from external customers			
Back-end equipment	**1,616,814**	1,537,196	2,846,659
SMT solutions	**1,549,704**	1,726,887	1,826,282
Materials	**448,256**	395,932	597,536
	3,614,774	3,660,015	5,270,477
Segment profit			
Back-end equipment	**66,558**	52,875	861,855
SMT solutions	**208,825**	213,398	339,534
Materials	**19,777**	10,472	44,870
	295,160	276,745	1,246,259
Interest income	**6,261**	5,883	9,134
Finance costs	**(41,018)**	(86,807)	(44,322)
Unallocated other income	**954**	-	453
Unallocated net foreign exchange (losses) gain and fair value change of foreign currency forward contracts	**(47,977)**	7,205	(25,521)
Unallocated general and administrative expenses	**(32,304)**	(28,424)	(59,506)
Unallocated adjustment on contingent consideration for an acquisition	**4,757**	8,176	-
Profit before taxation	**185,833**	182,778	1,126,497
Segment profit %			
Back-end equipment	**4.1%**	3.4%	30.3%
SMT solutions	**13.5%**	12.4%	18.6%
Materials	**4.4%**	2.6%	7.5%

4. Profit before taxation

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation for property, plant and equipment	**248,195**	219,942
Depreciation for right-of-use assets	**107,485**	-
Depreciation for investment property	**677**	707
Amortization for intangible assets	**57,584**	26,554
Release of prepaid lease payments	**-**	1,948

5. Other gains and losses

During the period, included in other gains and losses are mainly net gain on disposal/write-off of property, plant and equipment of HK$2.6 million (for the six months ended 30 June 2018: HK$5.9 million), net foreign exchange loss of HK$40.8 million (for the six months ended 30 June 2018: net foreign exchange gain of HK$1.5 million) and adjustment on contingent consideration for an acquisition of HK$12.9 million (for six months ended 30 June 2018: nil).

6. Finance costs

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank borrowings	**36,276**	6,754
Interest on convertible bonds (note 12)	**35,951**	72,435
Interest on lease liabilities	**28,731**	-
Others	**26,867**	1,813
	127,825	81,002

7. Income tax expense

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**22,318**	28,340
PRC Enterprise Income Tax	**14,673**	74,081
Other jurisdictions	**154,188**	276,848
	191,179	379,269
Underprovision in prior years	**59,116**	87,154
	250,295	466,423
Deferred tax credit	**(59,953)**	(29,087)
	190,342	437,336

Current tax:

(a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the period ended 30 June 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other 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%.

For the period ended 30 June 2018 and 30 June 2019, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

(b) Under the Law of the People's Republic of China (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% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 25%), except for ASM Technology China Limited ("ATC"). On 28 October 2015, ATC was recognized as an advanced technology service enterprise ("ATSE") by the Chengdu Science and Technology Bureau for a period of 3 years, i.e. from 2015 to 2017. ATC passed the ATSE re-assessment launched by Sichuan Science and Technology Bureau in May 2018 and obtained a new ATSE certificate in July 2018. According to the tax circular Caishui [2017] No. 79 (for the six months ended 30 June 2018: Caishui [2017] No. 79), ATC, as an ATSE, is subject to Enterprise Income Tax at a reduced income tax rate of 15%. The renewed ATSE recognition has no expiry date while ATC shall keep proper records for its fulfilment of recognition criteria as an ATSE.

7. Income tax expense - continued

(c) On 12 July 2010, the Singapore Economic Development Board ("EDB") granted a Pioneer Certificate to ASM Technology Singapore Pte Ltd. ("ATS"), a principal subsidiary of the Company, to the effect that profits arising from certain new back-end equipment and lead frame products are exempted from tax for a period of 10 years effective from the dates commenced between 1 June 2010 and 1 January 2012 across specified products, subject to fulfillment of certain criteria during the relevant periods.

On the same date, EDB also granted ATS an International Headquarters Award to the effect that certain income arising from qualifying activities conducted by ATS, excluding income from business transactions with companies or end customers in Singapore, are subject to a concessionary tax rate of 5% for a period of 10 years from 1 January 2011, subject to fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the abovementioned incentives is taxed at the prevailing corporate tax rate in Singapore of 17% (for the six months ended 30 June 2018: 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% (for the six months ended 30 June 2018: 15.00%) plus 5.50% (for the six months ended 30 June 2018: 5.50%) solidarity surcharge thereon for the assessable profit for the period. 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 14.380% to 17.150% (for the six months ended 30 June 2018: 14.800% to 17.015%) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 30.210% and 32.975 % (for the six months ended 30 June 2018: between 30.625% and 32.840%).

(e) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The deferred tax credit is mainly related to the tax effect of temporary difference between the tax base of certain assets and liabilities and the carrying value of the assets and liabilities. The balance mainly includes deductible temporary differences arising from retirement benefit obligations, provisions, inventories, trade receivables, right-of-use assets and lease liabilities.

The Group continued to receive letters from the Hong Kong Inland Revenue Department (the "HKIRD") during the six months ended 30 June 2019 seeking information relating to Hong Kong Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to significant additional tax being charged on profits from some overseas subsidiaries in respect of source of income as concerned that have not previously been included in the scope of charge for Hong Kong Profits Tax or significant tax adjustments to companies currently subject to Hong Kong Profits Tax. As at 30 June 2019, the Group purchased tax reserve certificates amounting to HK$401.4 million (31 December 2018: HK$381.2 million), as disclosed in note 10.

Based on legal and other professional advice that the Company has sought, the directors continued to be of the opinion that sufficient provision for taxation has been made in the condensed consolidated financial statements.

8. Dividends

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividend recognized as distribution during the period		
Final dividend for 2018 paid of HK$1.40 (2018: final dividend for 2017 paid of HK$1.30) per share on 406,671,333 (2018: 404,425,433) shares	**569,340**	525,753
Dividend declared after the end of the interim reporting period		
Interim dividend for 2019 of HK$1.30 (2018: HK$1.30) per share on 406,671,333 (2018: 404,425,433) shares	**528,673**	525,753

The dividend declared after 30 June 2019 will be paid to the shareholders of the Company whose names appear on the Register of Members on 21 August 2019.

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:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to owners of the Company)	**179,487**	1,401,538
Add: Interest expense on convertible bonds (Note)	**-**	72,435
Earnings for the purpose of calculating diluted earnings per share	**179,487**	1,473,973

9. Earnings per share - continued

	Number of shares (in thousands) Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**406,554**	405,484
Effect of dilutive potential shares:		
- Employee Share Incentive Scheme	**883**	949
- Convertible bonds (Note)	**-**	23,927
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**407,437**	430,360

Note: The calculation of diluted earnings per share for the six months ended 30 June 2019 did not assume the conversion of the Company's outstanding convertible bonds because the assumed conversion would result in an increase in diluted earnings per share.

In the calculation of the diluted earnings per share for the six months ended 30 June 2018, the Company's outstanding convertible bonds were assumed to have been fully converted into ordinary shares and the profit for the period attributable to owners of the Company was adjusted to exclude the interest expense relating to the convertible bonds.

10. Trade and other receivables

	At 30 June 2019	At 31 December 2018
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables (Note)	**3,979,206**	5,497,113
Value added tax recoverable	**201,272**	277,198
Tax reserve certificate recoverable	**401,430**	381,166
Other receivables, deposits and prepayments	**196,541**	169,424
	4,778,449	6,324,901

10. Trade and other receivables – continued

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

	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Not yet due (Note)	**2,672,694**	4,028,545
Overdue within 30 days	**473,845**	658,525
Overdue within 31 to 60 days	**189,182**	327,609
Overdue within 61 to 90 days	**112,488**	147,338
Overdue over 90 days	**530,997**	335,096
	3,979,206	5,497,113

Note: The amount included notes receivables amounting to HK$654,827,000 (31 December 2018: HK$1,250,430,000).

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 more.

11. Trade liabilities and other payables

	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Trade payables	**1,242,633**	1,329,947
Deferred income (Note i)	**131,864**	130,944
Accrued salaries and wages	**296,149**	332,172
Other accrued charges	**460,265**	758,990
Accrual for tax-related expense (Note ii)	**168,400**	168,400
Payables arising from acquisition of property, plant and equipment	**151,584**	151,978
Consideration payable for acquisition	**-**	28,330
Contingent consideration for acquisitions	**42,119**	20,036
Other payables	**191,837**	244,681
	2,684,851	3,165,478

11. Trade liabilities and other payables - continued

Notes:

(i) 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.

(ii) As detailed in note 7, the Group continued to receive letters from the HKIRD during the period ended 30 June 2019 seeking information relating to Hong Kong Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to additional tax-related expenses and accrual has been provided accordingly.

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

	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Not yet due	**824,441**	954,686
Overdue within 30 days	**310,013**	194,825
Overdue within 31 to 60 days	**61,183**	100,480
Overdue within 61 to 90 days	**24,146**	47,032
Overdue over 90 days	**22,850**	32,924
	1,242,633	1,329,947

The average credit period on purchases of goods ranges from 30 to 90 days.

12. Convertible bonds

On 28 March 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of HK$2,400,000,000. Interest of 2.00% per annum was paid semi-annually in September and March, respectively.

The convertible bonds may be converted into ordinary shares of the Company, at the option of the holder thereof, at any time on and after 8 May 2014 up to the close of business on the day falling ten days prior to 28 March 2019 (the “Maturity Date”) (both days inclusive) or if such convertible bonds shall have been called for redemption before the Maturity Date, then up to and including the close of business on a date no later than seven days prior to the date fixed for redemption thereof, at an initial conversion price of HK$98.21 per share (subject to adjustment for among other things, consolidation and subdivision of shares, capitalization of profits or reserves, right issues, distributions and certain other dilutive events). Details of the adjustments to conversion price of the convertible bonds were set out in the Company’s announcements dated 13 May 2015, 11 May 2016, 17 August 2017 and 14 May 2018.

12. Convertible bonds - continued

The Company may, having given not less than 30 nor more than 60 days' notice (the "Redemption Notice"), redeem in whole, but not in part, of the convertible bonds at the principal amount together with interest accrued on such redemption date, provided that:

(i) at any time after 28 March 2017 and prior to the Maturity Date, the closing price of an ordinary share of the Company, for 20 out of the 30 consecutive trading days immediately prior to the date upon which the Redemption Notice is given was at least 130% of the conversion price, or

(ii) at any time, prior to the date the Redemption Notice is given, at least 90% in principal amount of the convertible bonds has already been converted, redeemed or purchased and cancelled.

The bond holder may request immediate redemption of the convertible bonds at their principal amount then outstanding together with accrued interest upon occurrence of certain events. Details of the issue of convertible bonds were set out in the Company's announcement dated 4 March 2014.

None of the convertible bonds was redeemed or converted during the year ended 31 December 2018 and for the period from 1 January 2019 to the Maturity Date. The convertible bonds was fully redeemed on 28 March 2019. The convertible bonds equity reserve of HK$250,249,000 was transferred to retained profits upon redemption.

The movements of the liability component and equity component of the convertible bonds for the period are set out below:

	Liability component	Equity component	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2018 (audited)	2,133,727	250,249	2,383,976
Interest charge during the year	147,822	-	147,822
Interest paid	(45,000)	-	(45,000)
At 31 December 2018 and 1 January 2019 (audited)	**2,236,549**	**250,249**	**2,486,798**
Interest charge during the period (note 6)	**35,951**	**-**	**35,951**
Interest paid	**(22,500)**	**-**	**(22,500)**
Redemption on 28 March 2019	**(2,250,000)**	**(250,249)**	**(2,500,249)**
At 30 June 2019 (unaudited)	**-**	**-**	**-**

Liability component of the convertible bonds is analyzed for reporting purposes as:

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
	HK$'000	HK$'000
Current liabilities		
Interest payable on convertible bonds (included in trade liabilities and other payables)	**-**	11,897
Convertible bonds	**-**	2,224,652
	-	2,236,549

REVIEW

Group

Q2 was a mixed quarter for the Group. On one hand, Group revenue experienced a small quarter-on-quarter (QoQ) decline of 1.2% and on the other hand, Group bookings increased 30.8% QoQ to US$601.9 million. The Group ended the quarter with strong backlog of US$795.2 million, slightly lower than the record backlog of US$808.9 million as of Q2 2018.

All the three business segments increased bookings in the quarter with the SMT Solutions Segment registering the highest increase at 54.4% QoQ. The Materials Segment's bookings, which increased 28.5% QoQ, continued its run of consecutive growth over the last two quarters. In addition, bookings of the Back-end Equipment Segment increased by 10.9% QoQ, largely driven by its CIS equipment business. Gross margin and segment profit margin for all the three business segments improved QoQ.

In line with our policy of rewarding shareholders with sustainable and increasing dividend over time, the Group is proposing to pay an interim dividend of HK$ 1.30 per share (2018: HK$1.30 per share) which is 2.95 times of the earnings-per-share for the first half of 2019.

1H 2019

Revenue for the Group over the first six months of the year amounted to US$927.3 million, which was a reduction of 24.4% year-on-year (YoY).

Group bookings for the first half of the year amounted to US$1.06 billion, representing a slight reduction of 2.8% compared with the second half of last year (HoH).

The book-to-bill ratio for the first six months of this year was 1.15.

	1H 2019 Bookings			**1H 2019 Billings**		
	Amount (US$m)	YoY	HoH	Amount (US$m)	YoY	HoH
Group	1,062.2	-28.3%	-2.8%	927.3	-24.4%	-26.8%
Back-end Equipment Segment	469.8	-38.3%	-5.4%	402.0	-37.6%	-25.0%
Materials Segment	105.0	-30.4%	+12.0%	107.6	-28.6%	-21.3%
SMT Solutions Segment	487.4	-14.5%	-3.0%	417.7	-3.0%	-29.7%

Q2 2019

The Group achieved billings of US$460.7 million during the second quarter, representing reduction of 1.2% QoQ, due to the 10.3% QoQ reduction in billings of the SMT Solutions Segment. Compared with Q1 this year, billings of the Materials and Back-end Equipment Segments rebounded 13.2% and 5.2% respectively.

Group bookings in Q2 amounted to US$601.9 million, representing an increase of 30.8% QoQ and a reduction of 17.3% YoY.

REVIEW - continued

	Q2 2019 Bookings			Q2 2019 Billings		
	Amount (US$m)	YoY	QoQ	Amount (US$m)	YoY	QoQ
Group	601.9	-17.3%	+30.8%	460.7	-31.4%	-1.2%
Back-end Equipment Segment	247.0	-30.3%	+10.9%	206.1	-43.2%	+5.2%
Materials Segment	59.1	-23.7%	+28.5%	57.1	-25.0%	+13.2%
SMT Solutions Segment	295.8	-0.1%	+54.4%	197.5	-15.1%	-10.3%

By geographical distribution, China (inclusive of Hong Kong) (44.8%), Europe (18.3%), the Americas (8.0%), Malaysia (6.4%), and Vietnam (6.1%), were the top five markets for ASMPT during the first half of this year. Our top five customers collectively accounted for 14.9% of the Group's revenue; 80% of the Group's revenue was attributable to 162 customers.

Gross margin for the Group improved by 185 bps QoQ to 35.7% on the back of QoQ increase in gross margin for all the three business segments. Group net profit was HK$70.0 million in the second quarter of this year and HK$178.3 million for the first half of this year.

The Group net profit would have increased by 10.3% QoQ if the under-provision of tax of HK$49.3 million relating to tax affairs with Hong Kong Inland Revenue Department booked in Q2 2019 was excluded.

Group	Q2 2019			1H 2019		
		YoY	QoQ		YoY	HoH
Revenue (HK$m)	3,614.8	-31.4%	-1.2%	7,274.8	-24.4%	-26.8%
Gross Margin	35.7%	-751 bps	+185 bps	34.8%	-588 bps	-67 bps
EBIT (HK$m)	220.6	-81.0%	-16.3%	484.3	-74.5%	-60.4%
Net Profit (HK$m)	70.0	-91.0%	-35.3%	178.3	-87.2%	-78.1%

Back-end Equipment Segment

During the second quarter of this year, billings of the Back-end Equipment Segment amounted to US$206.1 million, representing an increase of 5.2% over Q1 this year and a decrease of 43.2% over the same period a year ago. The Back-end Equipment Segment contributed 44.7% to the Group's billings during the second quarter. Billings of the Back-end Equipment Segment for the first six months of this year were US$402.0 million, representing decreases of 37.6% and 25.0% against the same period a year ago and the preceding six months, respectively.

New order bookings of the Back-end Equipment Segment in the second quarter decreased by 30.3% YoY but improved 10.9% against the first quarter. For the first six months, bookings of the Back-end Equipment Segment dropped 5.4% from the preceding six-month period to US$469.8 million. It declined 38.3% as compared with the same period in 2018.

CIS billings continued its momentum into the second quarter. However, IC/Discrete and Opto billings had yet to show signs of recovery since the second half of 2018. During the second quarter, CIS bookings surged QoQ but IC/Discrete and Opto bookings were adversely impacted by the weak market condition. We see increasing adoption of our Active Alignment equipment with major camera modules assembly customers driven by innovations in folded lenses, multiple cameras and 3D sensing.

REVIEW – continued

The trade war between China and the USA continues to affect the global semiconductor industry, especially when it further intensified since May this year. We noticed that customers continued to hold back their capacity expansion plan, which resulted in low demand for traditional die and wire bonders.

With our proven strategy of serving multiple application markets and investment in Advanced Packaging, the Group managed to mitigate the negative market impact partially. Nucleus, a high precision pick and place equipment for advanced packaging applications - wafer level and panel level fan out - gained traction in the first half of 2019. Billings of our automatic inspection equipment for the first half of 2019 more than doubled the billings in 2018. The equipment is deployed for the detection of particles and bonding quality in camera modules and automotive devices.

Strong demand for ASM NEXX's advanced packaging deposition tools for RDL (redistribution layer) and copper build-up applications continued from Q4 2018 into the first half of 2019. A significant portion of this order backlog is expected to be realised as revenue in the second half of 2019. Advanced Packaging contributed close to 20% of the billings for the Back-end Equipment Segment in the first half of this year.

We believed that our diversified application market strategy and investment in Advanced Packaging have once again enabled ASMPT to outperform its peers during these challenging market conditions.

Our Back-end Equipment Segment achieved gross margins of 40.8% and 40.0% during the second quarter and the first half of this year, respectively, which represented an improvement of 153 bps QoQ and a decline of 331 bps HoH. This segment achieved a segment profit of HK$66.6 million in the second quarter of this year, an increase of 25.9% QoQ, and HK$119.4 million for the first half of this year.

Back-end Equipment Segment	**Q2 2019**			**1H 2019**		
		YoY	QoQ		YoY	HoH
Revenue (HK$m)	1,616.8	-43.2%	+5.2%	3,154.0	-37.6%	-25.0%
Gross Margin	40.8%	-1,003 bps	+153 bps	40.0%	-794 bps	-331 bps
Segment Profit (HK$m)	66.6	-92.3%	+25.9%	119.4	-91.2%	-81.5%
Segment Profit Margin	4.1%	-2,616 bps	+68 bps	3.8%	-2,319 bps	-1,160 bps

Materials Segment

The Materials Segment is continuing on its path of recovery as bookings increased consecutively over the past two quarters.

In the second quarter, billings of our Materials Segment amounted to US$57.1 million, representing a QoQ improvement of 13.2%, but a YoY decline of 25.0%. The Materials Segment contributed 12.4% to the Group's billings during the second quarter.

Billings of the Materials Segment for the six-month period amounted to US$107.6 million, representing decreases of 21.3% and 28.6% against the preceding six months and the same period a year ago, respectively.

During the second quarter, new order bookings of our Materials Segment grew 28.5% QoQ but decreased by 23.7% YoY. Over the first six months of this year, bookings of the Materials Segment amounted to US$105.0 million. This was an improvement of 12.0% against the preceding six months period, but was a decline of 30.4% from the corresponding period of last year.

REVIEW - continued

The Materials Segment achieved gross margins of 11.4% and 11.0% during the second quarter and the first half of this year, respectively, representing improvements of 103 bps QoQ and 144 bps HoH. This segment achieved a segment profit of HK$19.8 million in the second quarter, an increase of 88.9% QoQ, and HK$30.2 million in the first half of this year respectively.

Materials Segment	**Q2 2019**			**1H 2019**		
		YoY	QoQ		YoY	HoH
Revenue (HK$m)	448.3	-25.0%	+13.2%	844.2	-28.6%	-21.3%
Gross Margin	11.4%	-182 bps	+103 bps	11.0%	-224 bps	+144 bps
Segment Profit (HK$m)	19.8	-55.9%	+88.9%	30.2	-64.0%	+ 2.1%
Segment Profit Margin	4.4%	-310 bps	+177 bps	3.6%	-353 bps	+82 bps

SMT Solutions Segment

Billings of our SMT Solutions Segment amounted to US$197.5 million in the second quarter, representing decreases of 10.3% compared with the first quarter of this year, and 15.1% against the same period a year ago. The SMT Solutions Segment contributed 42.9% to the Group's billings in the second quarter of this year. During the six-month period, billings of our SMT Solutions Segment were US$417.7 million, representing decreases of 3.0% YoY and 29.7% HoH.

New order bookings for the SMT Solutions Segment in the second quarter improved by 54.4% QoQ but decreased by 0.1% YoY. Bookings in Q2 were at US$295.8 million, which was very close to the record quarterly bookings set in Q3 2018. New order bookings for the first six-month period of this year amounted to US$487.4 million, which represented decreases of 3.0% and 14.5% as compared with the preceding six months and with the corresponding period of last year, respectively.

Bookings of SMT Solutions Segment were driven by automotive, industrial, consumer applications and 5G infrastructure demand. We benefitted from the 5G and data centre infrastructure investments in China in the first half of 2019 and we are optimistic that we would capture more opportunities in the future.

The SMT Solutions Segment achieved gross margins of 37.5% and 35.9% during the second quarter and the first half of this year, respectively, representing improvements of 301 bps on QoQ basis and 156 bps on HoH basis. The segment profit margin for Q2 this year improved by 112 bps to 13.5% on QoQ basis. The segment profit margin for the first six months this year declined by 288 bps to 12.9% on HoH basis.

SMT Solutions Segment	**Q2 2019**			**1H 2019**		
		YoY	QoQ		YoY	HoH
Revenue (HK$m)	1,549.7	-15.1%	-10.3%	3,276.6	-3.0%	-29.7%
Gross Margin	37.5%	-376 bps	+301 bps	35.9%	-347 bps	+156 bps
Segment Profit (HK$m)	208.8	-38.5%	-2.1%	422.2	-21.8%	-42.5%
Segment Profit Margin	13.5%	-512 bps	+112 bps	12.9%	-311 bps	-288 bps

RESEARCH AND DEVELOPMENT

ASMPT has an unwavering belief in investing in research and development with the objective of remaining at the forefront of technological innovations.

Our strategy reinforces our ability to deliver the best innovative products with differentiated value propositions to our customers. During the past six months, we invested 12.9% of our equipment revenue in R&D. Customers have benefitted from ASMPT's depth and breadth of enabling technologies, strong financial resources and excellent infrastructure support.

Research and development expenses for the year-to-date were HK$829.0 million and the Group has obtained more than 1,000 patents on leading-edge technologies.

As of 30 June 2019, the Group operates 10 research and development centres worldwide, namely, in Taoyuan, Hong Kong and Chengdu (China), Singapore, Regensburg and Munich (Germany), Weymouth (United Kingdom), Beuningen (The Netherlands), Porto (Portugal) and Billerica (the United States), with a total of over 2,000 R&D employees.

LIQUIDITY AND FINANCIAL RESOURCES

Return on sales was 5.9% for the six-month period of this year (1H 2018: 19.7%). Annualized return on capital employed and on invested capital for the past six months were 6.0% and 4.5% respectively (1H 2018: 27.3% and 29.9%, respectively).

Inventory balance as of 30 June 2019 was HK$6.86 billion, as compared with HK$6.54 billion as of 31 December 2018. Our annualized inventory turn was 2.17 times (1H 2018: 3.15 times).

Cash and bank deposits as of 30 June 2019 were HK$2.51 billion, which was HK$259.5 million higher than 31 December 2018. Capital expenditure during the period amounted to HK$367.1 million (1H 2018: HK$390.2 million), which was partially funded by the depreciation and amortization of HK$308.7 million (1H 2018: HK$249.2 million), excluding the depreciation of right-of-use assets of HK$105.6 million due to application of HKFRS 16 in the current period. Day sales outstanding decreased to 99.0 days from 112.1 days in the 1H 2018.

As of 30 June 2019, the current ratio of the Group was 2.79 (31 December 2018: 1.95), with a debt-equity ratio of 28.7% (debts included all bank borrowings and obligations under finance leases) (31 December 2018: 28.7% with debts that included all bank borrowings, convertible bonds and obligations under finance leases). The Group had available banking facilities of HK$2.09 billion as at 30 June 2019 (31 December 2018: HK$1.71 billion) in the form of bank loans and overdraft facilities.

As of 30 June 2019, the Group had bank borrowings of HK$3.37 billion (31 December 2018: HK$1.26 billion). The bank borrowings are mainly repayable by instalments pursuant to the relevant repayment schedules up to 2024 and an insignificant portion is fixed-rate borrowings. The Group shareholders' funds were HK$11.7 billion as at 30 June 2019 (31 December 2018: HK$12.2 billion).

LIQUIDITY AND FINANCIAL RESOURCES - continued

Bank borrowings, which are mainly arranged to support day-to-day operations and capital expenditure, are denominated in Hong Kong dollars, US dollars and Euros. The Company has fully redeemed all the outstanding convertible bonds with the principal amount of HK$2.25 billion (which were denominated in Hong Kong dollars, raised in year 2014 with an annual coupon of 2.00%) upon maturity on 28 March 2019. A syndicated loan of HK$2.5 billion was arranged to finance the redemption of the convertible bonds.

As of 30 June 2019, cash holdings of the Group were mainly in US dollars, Euros, Chinese renminbi, Malaysia ringgit, Singapore dollars, and Hong Kong dollars. The Group's SMT Solutions Business segment entered into US dollars and Euros hedging contracts to mitigate the 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 was denominated in US dollars.

In terms of currency exposure, the Group was moderately exposed. The majority of our sales were denominated in US dollars, Euros and Chinese renminbi. On the other hand, disbursements in respect of operating expenses and purchases were mainly in US dollars, Euros, Hong Kong dollars, Singapore dollars, Malaysia ringgit, Chinese renminbi, British pounds and Japanese yen.

We continue to believe in returning excess cash to our shareholders. The Group has adopted a dividend policy of paying out sustainable and gradually increasing dividends. After considering our mid-to-short term needs and cash on hand, the Board has declared an interim dividend of HK$1.30 per share (interim dividend of 2018: HK$1.30 per share).

HUMAN RESOURCES

As of 30 June 2019, the total headcount for the Group globally was approximately 15,100 employees, which included 1,400 temporary, short-term contracted and outsourced employees. Our employees, being our greatest assets, form the bedrock of the Group and it is important to nurture and retain the right talents through various schemes and motivations to help our employees build and strengthen their competencies.

Besides offering competitive remuneration packages and other benefits such as contributions to provident fund schemes and medical benefits, the Group is committed to providing regular and extensive training programs to equip our employees to be future-ready. Discretionary bonuses and incentive shares were also granted to eligible employees based on the Group's financial results and individual performance.

The total manpower cost of the Group for the first six months of 2019 was HK$2.28 billion, as compared with HK$2.45 billion during the same period of 2018.

This year, the Board granted a total of 1,946,900 incentives shares to around 1,500 employees. The vesting period of these incentive shares will end on 16 December 2019.

PROSPECTS

Looking ahead, the semiconductor industry is anticipating strong headwinds due to the trade tensions and economic uncertainties. However, ASMPT remains vigilant for any first sign of recovery in demand as we look ahead to the next six months and toward 2020.

This would not be the first time that ASMPT has faced such challenges. So far, ASMPT has demonstrated a successful track record of tackling market downturns and emerged stronger each time.

PROSPECTS – continued

While we remain cautious of the short-term trajectory of the semiconductor industry, we are optimistic of its long-term future. Accordingly, we remain steadfast in our R&D commitment and are focused on new developments that are geared towards meeting the needs of our customers in areas like advanced packaging, CMOS image sensors, 5G enabled devices, IoT, automotive, silicon photonics and mini/ micro LED displays to name a few.

Furthermore, as we enter the Data-centric Era, we see more opportunities ahead as our customers and partners as well as ourselves, aspire to transform into Smart Digital Enterprises. We have already begun developing and testing Smart Factory solutions with key customers. We believe that the winners of the future are those organisations who have successfully executed on their digitalization strategy.

OUTLOOK

Against the above backdrop, we are anticipating that revenue in Q3 2019 to be in the region of US$550 million to US$600 million, subject to actual timing of revenue recognition. All the three business segments are anticipated to deliver QoQ revenue growth.

With the uncertainties in the global economy and the semiconductor market, we do not expect the near record bookings achieved by our SMT Solutions Segment in Q2 this year can be repeated in Q3. We anticipate Group bookings in Q3 to come down from the level of Q2, due to seasonality. Bookings for Back-end Equipment and Materials Segments are likely to continue to show QoQ improvement. Due to the geographical mix of SMT Solutions revenue in the next three months, we only expect Q3 Group gross margin to improve slightly despite higher Q3 revenue.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2019.

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 three 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2019 in conjunction with the Company's external auditor.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that an independent professional trustee appointed by the Board under the Employee Share Incentive Scheme, pursuant to the terms of the rules and trust deed of the Employee Share Incentive Scheme, purchased on The Stock Exchange of Hong Kong Limited a total of 386,400 shares in the Company at a total consideration of approximately HK$33.9 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

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. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-Executive Directors, and Mr. Lee Wai Kwong, Mr. Stanley Tsui Ching Man and Mr. Robin Gerard Ng Cher Tat as Executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 23 July 2019