

# ASMP T

enabling the digital world

## ASMP T LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 0522)

### Positioned Well for Generative AI & High Performance Computing Growth

戰略布局迎接生成式人工智能及高性能計算的增長

## 2023 INTERIM REPORT

中期報告



ASMP T



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## CORPORATE INFORMATION

### DIRECTORS

#### Independent Non-Executive Directors

Orasa Livasiri, *Chairman*  
John Lok Kam Chong  
Wong Hon Yee  
Eric Tang Koon Hung  
Andrew Chong Yang Hsueh  
Hera Siu Kitwan

#### Non-Executive Directors

Benjamin Loh Gek Lim  
Paulus Antonius Henricus Verhagen

#### Executive Directors

Robin Gerard Ng Cher Tat  
Guenter Walter Lauber

### COMPANY SECRETARY

Kong Choon, Jupiter

### AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditors  
35/F One Pacific Place  
88 Queensway  
Hong Kong

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
MUFG Bank, Ltd.  
Deutsche Bank

### CORPORATE HEADQUARTERS

2 Yishun Avenue 7  
Singapore 768924  
Republic of Singapore

### REGISTERED OFFICE

JTC (Cayman) Limited  
94 Solaris Avenue  
2nd Floor, Camana Bay  
P.O. Box 30745  
Grand Cayman KY1-1203  
Cayman Islands

### SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### COMPANY WEBSITE AND CONTACT

Website : [www.asmpt.com](http://www.asmpt.com)  
Phone : (65) 6752 6311  
Fax : (65) 6758 2287

### CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This Interim Report is now available in printed form, and on the website of the Company. Shareholders may at any time choose to receive the Interim Report in printed form or by electronic means by reasonable notice in writing to the Company c/o the Share Registrar. Shareholders who have chosen to receive the Interim Report using electronic means but for any reason have difficulty in receiving or gaining access to the Interim Report, the Company or the Share Registrar will, upon written request, send the printed form to you in the selected language version(s) free of charge.

(In case of any inconsistency, the English version of this Interim Report will prevail over the Chinese version.)

## FINANCIAL HIGHLIGHTS

### Q2 2023 REVENUE ABOVE MID-POINT OF GUIDANCE

### POSITIONED WELL FOR GENERATIVE AI AND HPC GROWTH

#### Group Financial Highlights for Q2 2023

- Revenue of HK\$3.90 billion (US\$497.4 million), -25.0% YoY and -0.4% QoQ
- Bookings of HK\$3.02 billion (US\$384.5 million), -35.1% YoY and -14.9% QoQ
- Gross margin of 40.1%, -158 bps YoY and -33 bps QoQ
- Operating margin of 9.9%, -892 bps YoY and -197 bps QoQ
- Net profit of HK\$307.9 million, -66.0% YoY and -2.3% QoQ

#### Group Financial Highlights for 1H 2023

- Revenue of HK\$7.82 billion (US\$997.5 million), -25.3% YoY and -12.1% HoH
- Bookings of HK\$6.56 billion (US\$837.5 million), -43.9% YoY and -2.7% HoH
- Gross margin of 40.3%, -89 bps YoY and -86 bps HoH
- Operating margin of 10.9%, -804 bps YoY and -318 bps HoH
- Net profit of HK\$623.1 million, -64.1% YoY and -29.5% HoH
- Interim basic earnings per share of HK\$1.52, -63.9% YoY and -29.3% HoH
- Interim dividend per share of HK\$0.61, -53.1% YoY
- Order backlog of HK\$7.78 billion (US\$992.6 million) as of 30 June 2023

#### Revenue Guidance for Q3 2023

- US\$410 million to US\$480 million

## FINANCIAL HIGHLIGHTS (CONTINUED)

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	<b>3,900,866</b>	5,203,691	<b>7,818,359</b>	10,471,105
Cost of sales	<b>(2,336,741)</b>	(3,035,014)	<b>(4,670,614)</b>	(6,161,973)
Gross profit	<b>1,564,125</b>	2,168,677	<b>3,147,745</b>	4,309,132
Other income	<b>28,285</b>	21,425	<b>56,365</b>	34,718
Selling and distribution expenses	<b>(405,385)</b>	(424,666)	<b>(795,580)</b>	(840,066)
General and administrative expenses	<b>(257,845)</b>	(239,223)	<b>(499,582)</b>	(481,167)
Research and development expenses	<b>(514,083)</b>	(524,499)	<b>(999,987)</b>	(1,003,646)
Other gains and losses	<b>43,450</b>	131,518	<b>19,784</b>	165,461
Other expenses	<b>(7,740)</b>	(11,646)	<b>(15,584)</b>	(27,126)
Finance costs	<b>(27,629)</b>	(29,646)	<b>(57,010)</b>	(59,072)
Share of result of a joint venture	<b>11,494</b>	66,701	<b>22,911</b>	115,810
Profit before taxation	<b>434,672</b>	1,158,641	<b>879,062</b>	2,214,044
Income tax expense	<b>(126,731)</b>	(254,125)	<b>(255,993)</b>	(479,368)
Profit for the period	<b>307,941</b>	904,516	<b>623,069</b>	1,734,676
Profit (loss) for the period, attributable to:				
Owners of the Company	<b>307,489</b>	904,378	<b>625,376</b>	1,736,713
Non-controlling interests	<b>452</b>	138	<b>(2,307)</b>	(2,037)
Profit for the period	<b>307,941</b>	904,516	<b>623,069</b>	1,734,676
Earnings per share				
— Basic	<b>HK\$0.75</b>	HK\$2.19	<b>HK\$1.52</b>	HK\$4.21
— Diluted	<b>HK\$0.74</b>	HK\$2.19	<b>HK\$1.51</b>	HK\$4.20

## CHAIRMAN'S STATEMENT

### RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$7.82 billion (US\$997.5 million) for the six months ended 30 June 2023, a decline of 25.3% YoY and 12.1% HoH. The Group's consolidated profit after taxation for the first half of 2023 was HK\$623.1 million, a decline of 64.1% YoY and 29.5% HoH. Basic earnings per share for the six months ended 30 June 2023 was HK\$1.52, a decline of 63.9% YoY and 29.3% HoH.

### DIVIDEND

The Board of Directors of ASMPT Limited (the "Company") has declared an interim dividend of HK\$0.61 (2022: HK\$1.30) per share, payable to shareholders whose names appear on the Register of Members of the Company on 18 August 2023.

### MANAGEMENT DISCUSSION AND ANALYSIS

The performance review for the first six months of 2023 will begin with notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

#### 1H 2023 Group Business Highlights

For the first half of 2023, the Group continued to be impacted by weak industry conditions, marked by conservative consumer spending and capex investment, and on-going inventory digestion.

SMT continued its resilient performance and its revenue exceeded that of SEMI for the fourth consecutive quarter. Recovery for SEMI is taking longer than anticipated as factory utilisation of its customer base, while showing gradual improvement, has not yet reached optimum levels.

Amidst a prolonged semiconductor downturn, the Group's unique and broad portfolio, coupled with its role as a key partner in the technology roadmaps of major customers, provides strong foundations for future growth. In particular, the Group stands to benefit from Advanced Packaging ("AP"), driven by strong growth in generative AI and High Performance Computing ("HPC"), as well as Automotive.

#### ***AP: Positioned Well for Generative AI and HPC Growth***

The Group's AP solutions delivered 1H 2023 revenue of about US\$195 million, or 19% of Group revenue, with its ***Thermo Compression Bonding*** ("TCB") solutions contributing the most to this AP revenue.

## CHAIRMAN'S STATEMENT (CONTINUED)

### MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

#### 1H 2023 Group Business Highlights (Continued)

##### **AP: Positioned Well for Generative AI and HPC Growth (Continued)**

The Group is in deep collaborations with key customers to enable the strong growth in generative AI, which requires high precision bonding solutions and optimal total cost of ownership:

**TCB:** The Group is in a commanding position to address crucial logic and memory packaging bottlenecks in generative AI. For logic, the Group is enabling major customers in Chip-to-Wafer and Chip-to-Substrate processes that are critical for the heterogeneous integration and assembly of AI computing packages in increasingly sophisticated configurations. For high-bandwidth memory ("HBM"), the Group's solutions fulfil demanding packaging requirements for next-generation HBM. As generative AI proliferates, customers will migrate to these advanced HBM packages to meet increased storage and processing demands.

The Group's TCB solutions are capable of handling a variety of interconnect types. It is uniquely positioned to benefit from the accelerated adoption of TCB due to the increasing number of interconnects required by complex AI packages. Order flow for logic is promising from foundry and OSAT customers. In particular, demand from its foundry customer base is growing due to expansion for AP capacity. For memory, the Group won repeat orders for HBM and it continues to engage deeply with multiple memory players. The Group is therefore confident of more TCB order flow for both logic and memory in 2H 2023.

**Other AP:** The Group's **Mass Reflow High Precision Die-bonding** solutions are benefitting from generative AI, with continuous order flow from top tier global customers. In **Hybrid Bonding**, the Group continues its engagement with key customers for qualification in various end-market applications, including memory.

Generative AI's increasing demand also benefits other tools in the Group's portfolio:

**Silicon Photonics** ("SiPh"): The high placement accuracy of the Group's market leading solutions are relevant for SiPh and Co-Packaged Optic devices such as optical transceivers and photonic engines. The Group received repeat orders for its tools to support a key customer's transceiver expansion plans to meet generative AI's high bandwidth transfer requirements and it expects more such orders in 2H 2023.

**SMT Placement Tools:** There is traction in the server business driven by AI applications for the Group's SMT placement tools that provide flexibility for customers in terms of handling larger server board weights and sizes.

The complex chip architectures required by generative AI and HPC packages are also benefitting the Group's **Laser Singulation** solutions, which have seen preliminary engagements with global IDMs, as well as its market-leading **Panel Electrochemical Deposition Tools** that serve HPC applications requiring more advanced substrates with larger form factors and finer line/space.

##### **Automotive Contributing Strongly, but Normalising**

For 1H 2023, the Group's Automotive end market applications contributed the highest proportion of Group revenue at approximately US\$230 million or 23% of 1H 2023 Group revenue. This contribution spanned across the Group's mainstream solutions, particularly SMT placement tools, molding tools and die bonders.

While the Group's Automotive solutions have contributed strongly to its overall performance in the last two years, this sector has begun to normalise. Nevertheless, demand from EV players and for Silicon Carbide applications remain robust. The Group's Automotive solutions continue to bag design wins that will eventually translate into High Volume Manufacturing demand.

## CHAIRMAN'S STATEMENT (CONTINUED)

### MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

#### Group Financial Review

(in HK\$ million)	Q2 2023	QoQ	YoY	1H 2023	HoH	YoY
Bookings	3,016.4 (US\$384.5 million)	-14.9%	-35.1%	6,562.3 (US\$837.5 million)	-2.7%	-43.9%
Revenue	3,900.9 (US\$497.4 million)	-0.4%	-25.0%	7,818.4 (US\$997.5 million)	-12.1%	-25.3%
Gross Margin	40.1%	-33 bps	-158 bps	40.3%	-86 bps	-89 bps
Operating Margin	9.9%	-197 bps	-892 bps	10.9%	-318 bps	-804 bps
Net Profit	307.9	-2.3%	-66.0%	623.1	-29.5%	-64.1%
Net Profit Margin	7.9%	-15 bps	-949 bps	8.0%	-196 bps	-860 bps

#### 1H 2023 Group Financial Review

Group Revenue declined YoY and HoH, due mostly to SEMI, while SMT revenue held steady. Group revenue was influenced by the following:

- (i) The Automotive market had the highest contribution to Group revenue at approximately 23%, mostly from mainstream solutions across both SMT and SEMI;
- (ii) The Industrial market remained robust and contributed about 18% to Group revenue, mostly from SMT; and
- (iii) The Consumer, Communication and Computers markets combined continued to be weak due to market sentiment.

Geographically, contribution from China (including Hong Kong) declined YoY and its share of Group revenue was reduced from 44% to 30%, while revenue from Europe and the Americas grew from 15% to 30% and 9% to 19%, respectively. Customer concentration risk continued to remain low for the Group with its top five customers accounting for approximately 20% of 1H 2023 revenue.

Group bookings decreased slightly by 2.7% HoH due to SMT, while SEMI grew from a low base. Bookings declined 43.9% YoY, mainly due to a high base effect. Contributions from AP, Automotive and Industrial end markets accounted for approximately 57% of Group bookings in 1H 2023. The Group ended 1H 2023 with a backlog of HK\$7.78 billion (US\$992.6 million) and a book-to-bill ratio of 0.84.

Group gross margin declined slightly, partly due to segment mix as SMT contributed about 59% to Group revenue in 1H 2023.

The Group's operating margin and net profit YoY and HoH were adversely impacted by lower sales volume.

As of 30 June 2023, the Group maintained a healthy liquidity position with gross cash and bank deposits totalling HK\$3.77 billion while bank borrowings were at HK\$2 billion.

## CHAIRMAN'S STATEMENT (CONTINUED)

### MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

#### Q2 2023 Group Financial Review

Group Q2 revenue was flat QoQ, while bookings declined due to the ongoing industry downcycle. Both revenue and bookings declined YoY mainly due to a high base effect.

Group gross margin declined, mainly due to SEMI, but was partially offset by margin improvement from SMT.

The Group's overall profitability declined marginally QoQ, while YoY declines were due to lower sales volume.

#### Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q2 2023	QoQ	YoY	1H 2023	HoH	YoY
Bookings	1,269.3 (US\$161.8 million)	-15.5%	-40.5%	2,771.6 (US\$353.7 million)	+6.1%	-55.6%
Revenue	1,655.2 (US\$211.1 million)	+7.4%	-46.1%	3,196.3 (US\$407.8 million)	-21.9%	-46.9%
Gross Margin	42.7%	-243 bps	-201 bps	43.8%	-68 bps	-86 bps
Segment Profit	27.5	-27.8%	-95.5%	65.6	-84.0%	-94.7%
Segment Profit Margin	1.7%	-81 bps	-1,842 bps	2.1%	-800 bps	-1,859 bps

SEMI contributed about 42% to Group Q2 2023 revenue. Revenue increased QoQ from a low base. Revenue for the segment was mainly impacted by the following developments in its Business Units ("BU"):

- (i) The IC/Discrete BU had stable QoQ revenue, with the highest revenue contribution from TCB. There was also some uptick in the contribution from the BU's mainstream tools.
- (ii) The Optoelectronics BU recorded higher revenue QoQ. Revenue growth was mainly driven by wire bonders for Conventional Displays. The BU's high-end Silicon Photonics applications also registered growth.
- (iii) The CIS BU's revenue remained relatively low due to continued weakness in the global smartphone market.

SEMI bookings declined QoQ and YoY due to the ongoing semiconductor downcycle, while the declines in its gross margin QoQ and YoY were due to a higher mix of wire bonders and volume effects, respectively.

## CHAIRMAN'S STATEMENT (CONTINUED)

### MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

#### SMT Solutions Segment Financial Review

(in HK\$ million)	Q2 2023	QoQ	YoY	1H 2023	HoH	YoY
Bookings	1,747.1 (US\$222.7 million)	-14.5%	-30.6%	3,790.6 (US\$483.8 million)	-8.2%	-30.4%
Revenue	2,245.7 (US\$286.3 million)	-5.5%	+5.3%	4,622.1 (US\$589.7 million)	-3.7%	+3.7%
Gross Margin	38.2%	+81 bps	+85 bps	37.8%	-45 bps	+142 bps
Segment Profit	428.2	-10.8%	+7.0%	908.3	-8.0%	+8.4%
Segment Profit Margin	19.1%	-114 bps	+30 bps	19.7%	-92 bps	+85 bps

SMT's revenue performance remained relatively stable, contributing about 58% of Group Q2 2023 revenue. Industrial and Automotive applications combined made up almost half of SMT revenue with demand mostly from Europe.

SMT has enjoyed a high level of bookings for more than two years and entered a normalisation phase. SMT bookings were driven mostly by Industrial and Automotive end-markets.

Segment gross margin increased QoQ and YoY mainly due to a favourable product mix.

#### OUTLOOK

The Group's growth prospects remain strong due to long term structural trends of automotive electrification, smart factories, green infrastructure, 5G, IoT, and HPC fuelled by generative AI growth. The Group has a key competitive advantage as a major supplier and technology partner across many applications and solution areas.

Near term visibility continues to be limited due to uncertainty in the macroeconomic environment, marked by persistent inflation, tepid consumer sentiment and ongoing inventory digestion.

With these considerations in mind, the Group expects revenue for Q3 2023 to be between US\$410 million to US\$480 million (-23.4% YoY and -10.5% QoQ at midpoint), mainly due to SMT normalising.

#### RESEARCH AND DEVELOPMENT

The Group's continued commitment to investing in research and development ("R&D") across the industry cycles is critical to its objective of remaining at the forefront of technology development. This emphasis on R&D positions the Group well to capitalize on technological breakthroughs required for tapping secular growth opportunities. A good example is the Group's investment in progressively evolving TCB solutions, putting it in a commanding position to address current industry bottlenecks and capture growth from generative AI and HPC demand.

With a global workforce of more than 2,500, the Group operates several R&D centres worldwide: the Americas (Boston), Asia (Chengdu, Hong Kong, Huizhou, Sanhe, Shenzhen, Suzhou, Singapore and Taoyuan) and Europe (Beuningen, Munich, Porto, Regensburg and Weymouth). For 1H 2023, the Group invested around HK\$1 billion in R&D. To date, the Group has delivered about 2,000 patents and patent applications.

## CHAIRMAN'S STATEMENT (CONTINUED)

### LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank deposits as of 30 June 2023 were HK\$3.77 billion (31 December 2022: HK\$4.42 billion). Capital additions during the period amounted to HK\$227.8 million (1H 2022: HK\$212.9 million), which was fully funded by the period's depreciation and amortization of HK\$244.6 million (1H 2022: HK\$249.1 million), excluding the depreciation of right-of-use assets of HK\$110.0 million (1H 2022: HK\$114.9 million) due to HKFRS 16 application.

As of 30 June 2023, the debt-to-equity ratio was 0.127 (31 December 2022: 0.142). The Group had available banking facilities of HK\$3.42 billion (US\$435.8 million) (31 December 2022: HK\$3.40 billion (US\$435.6 million)) in the form of bank loans and overdraft facilities, of which HK\$1.87 billion (US\$238.3 million) (31 December 2022: HK\$1.86 billion (US\$238.5 million)) were committed borrowing facilities. Bank borrowings, which are mainly to support day-to-day operations and capital expenditure, are denominated in Hong Kong dollars.

The Group had unsecured bank borrowings of HK\$2.00 billion as of 30 June 2023 (31 December 2022: HK\$2.25 billion), consisting of variable-rate syndicated loan. These bank borrowings are repayable by instalments. The syndicated loan is repayable by instalments from March 2022 to March 2024. The Group uses interest rate swaps to mitigate its exposure of the cash flow changes of the variable-rate syndicated loan by swapping HK\$1.75 billion (31 December 2022: HK\$1.75 billion) of the syndicated loan from variable rates to fixed rates. The Group's equity attributable to owners of the Company was HK\$15.60 billion as of 30 June 2023 (31 December 2022: HK\$15.74 billion).

As of 30 June 2023, cash holdings of the Group were mainly in US dollars, Euros and Chinese RMB. The Group entered into HK dollar and Euro hedging contracts to mitigate foreign currency exposure of the inter-company loans denominated in Euro. SMT entered into US dollar and Euro hedging contracts to mitigate foreign currency risks, as a significant portion of the production of SMT equipment and its suppliers are located in Europe, while a substantial part of the Group's revenue for SMT equipment is denominated in US dollars. In terms of currency exposure, the majority of the Group's sales and disbursements in respect of operating expenses and purchases were mainly in US dollars, Euros and Chinese RMB.

### SIGNIFICANT INVESTMENT

As at 30 June 2023, Advanced Assembly Materials International Limited ("AAMI") was regarded as a significant investment of the Group as the value of the Group's investment in AAMI comprised 5% or more of the Group's total assets. Save as disclosed in this announcement, the information pursuant to paragraph 32(4A) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in relation to the Group's investment in AAMI has not changed materially from the information disclosed in the most recent published annual report.

## CHAIRMAN'S STATEMENT (CONTINUED)

### HUMAN RESOURCES

The Group deeply appreciates the contributions of its employees worldwide for their unwavering commitment during an industry downturn. Several cost optimisation measures were put in place to mitigate the effects of the downturn and they were well supported by the Group's employees, exhibiting a true team spirit. At the same time, the Group's HR efforts continue to focus on introducing and enhancing initiatives that create an inclusive and positive work culture and employee experience. As part of these measures, the Group recently successfully launched the 'Global People System', a global HR system aimed at improving the entire employee digital experience, which encompasses transactions, engagement, growth and development. This HR system has already been implemented for Asia and the Americas and will soon be rolled out for Europe. Other recent HR initiatives include the kick-off for the establishment of global job grades and career structures and a Leadership Development Centre, which will collectively strengthen the Group's leadership pipeline and succession efforts.

As of 30 June 2023, total headcount for the Group was approximately 11,300, which excludes some 700 flexi workers and outsourced workers. Of this 11,300, approximately 1,000 are based in Hong Kong, 5,100 in mainland China, 1,100 in Singapore, 1,100 in Germany, 900 in Malaysia, 400 in Portugal, 400 in the United Kingdom, 400 in the United States, and the rest in other parts of the world.

Total manpower costs for the Group for 1H 2023 was HK\$2.49 billion versus HK\$2.68 billion over the same period in 2022. The Group continues its commitment to fairly remunerate its employees while manoeuvring through the prolonged semiconductor downcycle with a prudent and measured approach towards managing overall manpower costs.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.****德勤****TO THE BOARD OF DIRECTORS OF ASMPT LIMITED**  
*(incorporated in the Cayman Islands with limited liability)***INTRODUCTION**

We have reviewed the condensed consolidated financial statements of ASMPT Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 13 to 42, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
25 July 2023

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	7,818,359	10,471,105
Cost of sales		(4,670,614)	(6,161,973)
Gross profit		3,147,745	4,309,132
Other income		56,365	34,718
Selling and distribution expenses		(795,580)	(840,066)
General and administrative expenses		(499,582)	(481,167)
Research and development expenses		(999,987)	(1,003,646)
Other gains and losses	5	19,784	165,461
Other expenses		(15,584)	(27,126)
Finance costs	6	(57,010)	(59,072)
Share of result of a joint venture		22,911	115,810
Profit before taxation	4	879,062	2,214,044
Income tax expense	7	(255,993)	(479,368)
Profit for the period		623,069	1,734,676
Profit (loss) for the period, attributable to:			
Owners of the Company		625,376	1,736,713
Non-controlling interests		(2,307)	(2,037)
Profit for the period		623,069	1,734,676
Earnings per share	9		
— Basic		HK\$1.52	HK\$4.21
— Diluted		HK\$1.51	HK\$4.20

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period	<u>623,069</u>	<u>1,734,676</u>
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
— net fair value gain on investments in equity instruments at fair value through other comprehensive income	<u>2,520</u>	<u>—</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— exchange differences on translation of foreign operations		
— subsidiaries	(6,798)	(602,779)
— a joint venture	(11,399)	(13,133)
— fair value (loss) gain on hedging instruments designated as cash flow hedges	<u>(16,350)</u>	<u>58,359</u>
	<u>(34,547)</u>	<u>(557,553)</u>
Other comprehensive expense for the period	<u>(32,027)</u>	<u>(557,553)</u>
Total comprehensive income for the period	<u><b>591,042</b></u>	<u><b>1,177,123</b></u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	598,272	1,186,939
Non-controlling interests	<u>(7,230)</u>	<u>(9,816)</u>
	<u><b>591,042</b></u>	<u><b>1,177,123</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	2,177,286	2,230,635
Right-of-use assets	10	1,519,175	1,553,341
Investment properties		64,587	69,485
Goodwill		964,333	928,313
Intangible assets		1,046,279	1,041,763
Other investments		72,116	38,051
Interest in a joint venture		1,527,478	1,515,966
Other financial assets		39,765	39,765
Deposits paid for acquisition of property, plant and equipment		30,820	31,529
Rental deposits paid		30,334	30,798
Derivative financial instruments		156,300	215,020
Deferred tax assets		531,224	529,223
Long-term bank deposits		2,129	14,450
Other non-current assets		6,627	22,762
		<b>8,168,453</b>	8,261,101
<b>Current assets</b>			
Inventories		6,969,053	7,450,163
Trade and other receivables	11	4,523,786	4,543,672
Amounts due from a joint venture and its affiliates		20,339	21,111
Derivative financial instruments		91,631	49,479
Income tax recoverable		32,370	39,989
Pledged bank deposits		—	570
Bank deposits with original maturity of more than three months		231,673	147,560
Cash and cash equivalents		3,533,161	4,262,886
		<b>15,402,013</b>	16,515,430
<b>Current liabilities</b>			
Trade liabilities and other payables	12	2,257,059	2,879,409
Advance payments from customers		1,034,678	1,093,944
Amounts due to a joint venture and its affiliates		13,114	13,431
Derivative financial instruments		4,841	14,253
Lease liabilities		182,116	188,807
Provisions	13	310,769	333,537
Income tax payable		399,226	473,212
Bank borrowings	14	2,000,000	250,000
		<b>6,201,803</b>	5,246,593
Net current assets		<b>9,200,210</b>	11,268,837
		<b>17,368,663</b>	19,529,938

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2023

	<i>Notes</i>	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	15	41,250	41,287
Dividend reserve		251,628	783,758
Other reserves		15,302,586	14,913,461
		<u>15,595,464</u>	<u>15,738,506</u>
Equity attributable to owners of the Company		15,595,464	15,738,506
Non-controlling interests		111,795	119,025
		<u>15,707,259</u>	<u>15,857,531</u>
<b>Non-current liabilities</b>			
Bank borrowings	14	—	2,000,000
Lease liabilities		1,298,710	1,320,395
Retirement benefit obligations		109,539	98,787
Provisions	13	52,441	54,453
Deferred tax liabilities		127,821	148,188
Other liabilities and accruals		72,893	50,584
		<u>1,661,404</u>	<u>3,672,407</u>
		<u>17,368,663</u>	<u>19,529,938</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company											Attributable to non-controlling interests HK\$'000	Total HK\$'000			
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000	Shares held for share award scheme HK\$'000	Treasury share HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000			Retained profits HK\$'000	Dividend reserve HK\$'000	Sub-total HK\$'000
At 1 January 2022	41,270	1,862,085	—	(845)	—	760	72,979	(41,715)	249,726	(18,793)	(429,371)	12,466,296	1,073,034	15,275,426	136,263	15,411,689
Profit (loss) for the year	—	—	—	—	—	—	—	—	—	—	—	2,620,251	—	2,620,251	(2,184)	2,618,067
Items that will not be reclassified to profit or loss:																
Remeasurement of defined benefit retirement plans, net of tax	—	—	—	—	—	—	—	—	—	—	—	75,403	—	75,403	—	75,403
Net fair value loss on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	—	—	(35,279)	—	—	—	—	—	(35,279)	—	(35,279)
Items that may be reclassified subsequently to profit or loss:																
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	(676,521)	—	—	(676,521)	(15,054)	(691,575)
Fair value gain on hedging instruments designated as cash flow hedges	—	—	—	—	—	—	—	—	—	77,513	—	—	—	77,513	—	77,513
Total comprehensive (expense) income for the year	—	—	—	—	—	—	—	(35,279)	—	77,513	(676,521)	2,695,654	—	2,061,367	(17,238)	2,044,129
Subtotal	41,270	1,862,085	—	(845)	—	760	72,979	(76,994)	249,726	58,720	(1,105,892)	15,161,950	1,073,034	17,338,793	119,025	17,455,818
Recognition of equity-settled share-based payments	—	—	212,743	—	—	—	—	—	—	—	—	—	—	212,743	—	212,743
Transfer loss to retained profits due to written off the other investment	—	—	—	—	—	—	—	46,497	—	—	—	(46,497)	—	—	—	—
Purchase of shares under the Scheme (as defined in note 16)	—	—	—	(33,280)	—	—	—	—	—	—	—	—	—	(33,280)	—	(33,280)
Shares repurchased and cancelled	(247)	(151,688)	—	—	—	247	—	—	—	—	—	(247)	—	(151,935)	—	(151,935)
Shares repurchased but not yet cancelled	—	—	—	—	(16,264)	—	—	—	—	—	—	—	—	(16,264)	—	(16,264)
Shares vested under the Scheme	—	—	(30,359)	34,125	—	—	—	—	—	—	—	(3,766)	—	—	—	—
Shares issued under the Scheme	264	182,120	(182,384)	—	—	—	—	—	—	—	—	—	—	—	—	—
2021 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	(1,073,034)	—	(1,073,034)	—	(1,073,034)
2022 interim dividend paid	—	—	—	—	—	—	—	—	—	—	—	(536,517)	—	(536,517)	—	(536,517)
2022 final dividend proposed	—	—	—	—	—	—	—	—	—	—	—	(783,758)	783,758	—	—	—
At 31 December 2022 (audited)	41,287	1,892,517	—	—	(16,264)	1,007	72,979	(30,497)	249,726	58,720	(1,105,892)	13,791,165	783,758	15,738,506	119,025	15,857,531

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Attributable to owners of the Company										Attributable to non-controlling interests HK\$'000	Total HK\$'000				
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based reserve HK\$'000	Shares held for share award scheme HK\$'000 (note 16)	Treasury share reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000			Translation reserve HK\$'000	Retained profits HK\$'000	Dividend reserve HK\$'000	Sub-total HK\$'000
At 1 January 2023 (audited)	41,287	1,892,517	-	-	(16,264)	1,007	72,979	(30,497)	249,726	58,720	(1,105,892)	13,791,165	783,758	15,738,506	119,025	15,857,531
Profit for the period <i>(item that will not be reclassified to profit or loss)</i>	-	-	-	-	-	-	-	-	-	-	-	625,376	-	625,376	(2,307)	623,069
Net fair value gain on investments in equity instruments at fair value through other comprehensive income <i>(items that may be reclassified subsequently to profit or loss)</i>	-	-	-	-	-	-	2,520	-	-	-	-	-	-	2,520	-	2,520
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(13,274)	-	-	(13,274)	(4,923)	(18,197)
Fair value loss on hedging instruments designated as cash flow hedges	-	-	-	-	-	-	-	-	-	(16,350)	-	-	-	(16,350)	-	(16,350)
Total comprehensive income (expense) for the period	-	-	-	-	-	-	2,520	(27,977)	(16,350)	(16,350)	(13,274)	625,376	-	598,272	(7,230)	591,042
Sub-total	41,287	1,892,517	-	-	(16,264)	1,007	72,979	(27,977)	249,726	42,370	(1,119,166)	14,416,541	783,758	16,336,778	111,795	16,448,573
Recognition of equity-settled share-based payments	-	-	65,283	-	-	-	-	-	-	-	-	-	-	65,283	-	65,283
Purchase of shares under the Scheme	-	-	-	(22,839)	-	-	-	-	-	-	-	-	-	(22,839)	-	(22,839)
Shares repurchased in 2022 and cancelled	(37)	(16,227)	-	-	16,264	37	-	-	-	-	-	(37)	-	(783,758)	-	(783,758)
2022 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023 interim dividend declared after end of interim period	-	-	-	-	-	-	-	-	-	-	-	(251,628)	251,628	-	-	-
At 30 June 2023 (unaudited)	41,250	1,876,290	65,283	(22,839)	-	1,044	72,979	(27,977)	249,726	42,370	(1,119,166)	14,164,876	251,628	15,995,464	111,795	15,707,259

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Attributable to owners of the Company											Attributable to non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000	Shares held for share award scheme HK\$'000 (note 16)	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000			Dividend reserve HK\$'000	Sub-total HK\$'000
At 1 January 2022 (audited)	41,270	1,862,085	—	(845)	760	72,979	(41,715)	249,726	(18,793)	(429,371)	12,466,296	1,073,034	15,275,426	136,263	15,411,689
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	—	1,736,713	—	1,736,713	(2,037)	1,734,676
<i>Items that may be reclassified subsequently to profit or loss:</i>															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	(608,133)	—	—	(608,133)	(7,779)	(615,912)
Fair value gain on hedging instruments designated as cash flow hedges	—	—	—	—	—	—	—	—	58,359	—	—	—	58,359	—	58,359
Total comprehensive income (expense) for the period	—	—	—	—	—	—	—	—	58,359	(608,133)	1,736,713	—	1,186,939	(9,816)	1,177,123
Subtotal	41,270	1,862,085	—	(845)	760	72,979	(41,715)	249,726	39,566	(1,037,504)	14,203,009	1,073,034	16,462,365	126,447	16,588,812
Recognition of equity-settled share-based payments	—	—	85,630	—	—	—	—	—	—	—	—	—	85,630	—	85,630
Purchase of shares under the Scheme	—	—	—	(33,280)	—	—	—	—	—	—	—	—	(33,280)	—	(33,280)
2021 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	(1,073,034)	(1,073,034)	—	(1,073,034)
2022 interim dividend declared after end of interim period	—	—	—	—	—	—	—	—	—	—	(536,517)	536,517	—	—	—
At 30 June 2022 (unaudited)	41,270	1,862,085	85,630	(34,125)	760	72,979	(41,715)	249,726	39,566	(1,037,504)	13,666,492	536,517	15,441,681	126,447	15,568,128

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash generated from operations		1,098,862	1,684,864
Income taxes paid		(338,401)	(321,344)
Net cash from operating activities		760,461	1,363,520
Net cash used in investing activities			
Deposits paid for acquisition of property, plant and equipment		(30,821)	(30,576)
Purchase of property, plant and equipment		(159,766)	(175,313)
Net cash outflow arising on acquisition of subsidiaries	18	(18,359)	(178,808)
Placement of bank deposits with original maturity of more than 3 months		(322,200)	(171,674)
Withdrawal of bank deposits with original maturity of more than 3 months		234,989	199,412
Other investing cash flows		(17,804)	(30,281)
		(313,961)	(387,240)
Net cash used in financing activities			
Dividends paid		(783,758)	(1,073,034)
Bank borrowings raised	14	—	639,238
Repayment of bank borrowings	14	(250,000)	(289,662)
Repayment of lease liabilities		(97,011)	(102,670)
Other financing cash flows		(57,077)	(59,151)
		(1,187,846)	(885,279)
Net (decrease) increase in cash and cash equivalents		(741,346)	91,001
Cash and cash equivalents at beginning of the period		4,262,886	4,681,090
Effect of foreign exchange rate changes		11,621	(188,594)
Cash and cash equivalents at end of the period		3,533,161	4,583,497

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments, other investments, other financial assets 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 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 2023 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2023

**2. PRINCIPAL ACCOUNTING POLICIES (Continued)****Application of amendments to HKFRSs (Continued)*****Impacts and changes in accounting policies on application of Amendments to HKAS 12****Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

## Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

## Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 *Income Taxes* requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis.

Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately.

The Group also recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 3. SEGMENT INFORMATION

The Group has two (2022: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2022: two) major types of products manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Chief Executive Officer, the chief operating decision maker ("CODM"), for the purpose of allocating resources to segments and assessing their performance. The Group is organised and managed around the two (2022: two) 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 and other gain, unallocated net foreign exchange gain and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, share of result of a joint venture and other expenses.

#### Segment revenue and results

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Segment revenue from external customers		
Semiconductor solutions	<b>3,196,285</b>	6,014,320
Surface mount technology solutions	<b>4,622,074</b>	4,456,785
	<b>7,818,359</b>	10,471,105
Segment profit		
Semiconductor solutions	<b>65,595</b>	1,241,502
Surface mount technology solutions	<b>908,265</b>	837,887
	<b>973,860</b>	2,079,389
Interest income	<b>34,515</b>	9,761
Finance costs	<b>(57,010)</b>	(59,072)
Unallocated other income and other gain	<b>10,925</b>	13,488
Unallocated net foreign exchange gain and fair value change of foreign currency forward contracts	<b>16,458</b>	164,890
Unallocated general and administrative expenses	<b>(107,013)</b>	(83,096)
Share of result of a joint venture	<b>22,911</b>	115,810
Other expenses	<b>(15,584)</b>	(27,126)
Profit before taxation	<b>879,062</b>	2,214,044

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 3. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

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

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

#### Geographical analysis of revenue by location of customers

	Revenue from external customers	
	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Europe	2,342,068	1,616,988
— Germany	733,752	481,259
— Austria	262,582	58,406
— Romania	183,945	147,544
— Hungary	172,142	151,526
— France	107,057	101,750
— Czech Republic	106,132	56,958
— Netherland	101,272	81,752
— Poland	79,240	109,300
— Others	595,946	428,493
Mainland China	2,010,601	3,983,272
Americas	1,481,957	985,200
— United States of America	1,104,206	647,150
— Mexico	114,628	133,187
— Canada	88,865	20,843
— Others	174,258	184,020
Malaysia	480,246	1,048,784
Hong Kong	333,843	668,994
Taiwan	258,201	766,410
Korea	223,072	285,973
Thailand	171,405	244,608
India	135,962	117,320
Japan	125,225	295,534
Vietnam	124,786	199,902
Philippines	62,679	156,706
Singapore	58,799	78,325
Others	9,515	23,089
	<b>7,818,359</b>	<b>10,471,105</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	187,399	197,428
Depreciation for right-of-use assets	109,961	114,896
Depreciation for investment properties	2,450	2,486
Amortization for intangible assets	54,800	49,225
Government grants (included in other income)	(9,067)	(7,938)

### 5. OTHER GAINS AND LOSSES

During the period, included in other gains and losses are mainly net foreign exchange gain and fair value change of foreign currency forward contracts of HK\$16.5 million (for the six months ended 30 June 2022: HK\$164.9 million) and net gain on disposal/write-off of property, plant and equipment of HK\$3.4 million (for the six months ended 30 June 2022: HK\$3.0 million).

### 6. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank borrowings	49,897	18,462
Interest on lease liabilities	24,759	25,885
Others	3,590	5,684
	78,246	50,031
Net (gain) loss on interest rate swaps designated as cash flow hedges	(21,236)	9,041
	57,010	59,072

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The charge (credit) comprises:		
Current tax:		
Hong Kong	14,863	24,242
People's Republic of China ("PRC") Enterprise Income Tax	10,978	60,322
Germany	218,308	235,426
Other jurisdictions	43,424	143,796
	<u>287,573</u>	<u>463,786</u>
(Over) under-provision in prior years	(12,570)	26,693
	<u>275,003</u>	<u>490,479</u>
Deferred tax credit	(19,010)	(11,111)
	<u>255,993</u>	<u>479,368</u>

#### Current tax:

- (a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK\$2 million for the six months ended 30 June 2023 and 2022.
- (b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 25%), except for ASMPT Technology (China) Co., Ltd. ("ATC"). ATC obtained a new advanced technology service enterprise ("ATSE") certificate in July 2018. According to the tax circular Caishui [2017] No. 79, ATC, as an ATSE, is subject to Enterprise Income Tax at a reduced income tax rate of 15%. Based on local regulations, starting from 2022, ATC's ATSE recognition is subject to annual review and re-accreditation every three years. ATC's re-accreditation of ATSE recognition has been approved in October 2022 and the renewed ATSE certificate is obtained with validation till October 2025.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 7. INCOME TAX EXPENSE (Continued)

Current tax: (Continued)

- (c) ASMPT Singapore Pte. Ltd. ("ATS") has been granted a Pioneer Certificate ("PC") to the effect that profits arising from the manufacture of certain semiconductor products are exempted from tax for a period of 10 years effective from 1 January 2022 to 31 December 2031 across specified products, subject to fulfillment of certain criteria during the relevant periods.

ATS has also been granted a Development and Expansion Incentive ("DEI") to the effect that certain income arising from qualifying activities conducted by ATS, are subject to a concessionary tax rate for a period of 10 years from 1 January 2021 to 31 December 2030, subject to fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the PC or DEI are taxed at the prevailing corporate tax rate in Singapore of 17% (for the six months ended 30 June 2022: 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 2022: 15.00%) plus 5.50% (for the six months ended 30 June 2022: 5.50%) solidarity surcharge on the corporate income tax for the assessable profit for the period which derives at tax rate of 15.825% (for the six months ended 30 June 2022: 15.825%). In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rates for the Group's subsidiaries in Germany vary from 11.187% to 17.150% (for the six months ended 30 June 2022: 12.465% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates were between 27.012% and 32.975% (for the six months ended 30 June 2022: between 28.290% and 32.975%).

- (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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 8. DIVIDENDS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Dividend recognised as distribution during the period</b>		
Final dividend for 2022 paid of HK\$1.90 (2022: final dividend for 2021 paid of HK\$2.60) per share on 412,504,333 (2022: 412,705,333) shares	<u>783,758</u>	<u>1,073,034</u>
<b>Dividend declared after the end of the interim reporting period</b>		
Interim dividend for 2023 of HK\$0.61 (2022: HK\$1.30) per share on 412,504,333 (2022: 412,705,333) shares	<u>251,628</u>	<u>536,517</u>

The dividend declared after 30 June 2023 will be paid to the shareholders of the Company whose names appear on the Register of Members on 18 August 2023.

### 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>625,376</u>	<u>1,736,713</u>

	Number of shares (in thousands)	
	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>412,397</u>	412,523
Effect of dilutive potential shares:		
— Employee Share Incentive Scheme	<u>394</u>	806
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>412,791</u>	<u>413,329</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the period, the Group incurred HK\$181.3 million (for the six months ended 30 June 2022: HK\$175.3 million) and HK\$77.2 million (for the six months ended 30 June 2022: HK\$166.2 million) on the acquisition of property, plant and equipment and the addition of right-of-use assets, respectively.

### 11. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade receivables ( <i>Note</i> )	4,104,303	4,114,370
Value-added tax recoverable	167,917	225,657
Other receivables, deposits and prepayments	251,566	203,645
	<b>4,523,786</b>	<b>4,543,672</b>

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Not yet due ( <i>Note</i> )	3,098,799	2,951,052
Overdue within 30 days	471,172	450,613
Overdue 31 to 60 days	165,345	160,510
Overdue 61 to 90 days	126,847	212,935
Overdue over 90 days	242,140	339,260
	<b>4,104,303</b>	<b>4,114,370</b>

*Note:* The amount included notes receivables amounting to HK\$146,062,000 (31 December 2022: HK\$144,179,000) are held by the Group for future settlement of trade receivables. All notes receivables received by the Group are with a maturity period of less than one year.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 12. TRADE LIABILITIES AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade payables	1,037,206	1,400,310
Deferred income ( <i>Note a</i> )	152,541	166,677
Accrued salaries and wages	274,815	285,712
Other accrued charges	457,661	657,104
Payables arising from acquisition of property, plant and equipment	64,551	73,760
Gross obligation to acquire non-controlling interest	43,384	44,780
Other payables ( <i>Note b</i> )	226,901	251,066
	<u>2,257,059</u>	<u>2,879,409</u>

*Notes:*

- (a) The amounts mainly represent the spare credits that grant customers the right to purchase certain amounts of spare parts for free, which are contract liabilities.
- (b) The amounts mainly represent the value-added tax payable and sundry payables or accruals of operating expenses.

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Not yet due	752,228	1,013,692
Overdue within 30 days	108,462	165,451
Overdue 31 to 60 days	70,167	82,488
Overdue 61 to 90 days	61,855	67,439
Overdue over 90 days	44,494	71,240
	<u>1,037,206</u>	<u>1,400,310</u>

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 13. PROVISIONS

The Group's provisions are analysed for reporting purposes as:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Current	<b>310,769</b>	333,537
Non-current	<b>52,441</b>	54,453
	<b>363,210</b>	387,990

The Group's provisions mainly comprise warranty provision of HK\$257,804,000 (31 December 2022: HK\$282,189,000). The movements of the warranty provision and restructuring provision are as follows:

	Warranty provision HK\$'000	Restructuring provision HK\$'000
At 1 January 2022 (audited)	290,343	40,576
Currency realignment	(11,545)	(3,285)
Arising on acquisition of a subsidiary	2,106	—
Additions	181,298	—
Utilization	(180,013)	(16,368)
At 31 December 2022 (audited)	282,189	20,923
Currency realignment	526	(428)
Additions	69,262	4,950
Utilization	(94,173)	(6,666)
At 30 June 2023 (unaudited)	<b>257,804</b>	<b>18,779</b>

The warranty provision represents management's best estimate of the Group's liability under the warranty period, mainly for a period of maximum of 2 years for semiconductor solutions and surface mount technology equipment based on management's prior experience.

A subsidiary of the Group was involved in a litigation with a third party in relation to the infringement of a patent for which the High Court ruled in favour of the third party. A first tranche of hearings at the High Court for the assessment damages was held in March 2021. A second tranche of hearings was held in October 2022. Written arguments have submitted to the court, and the parties are now awaiting a decision from the court regarding the amount of damages payable by the subsidiary to the third party.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 13. PROVISIONS (Continued)

Based on the subsidiary's consultant's report and the directors' estimate of the expenditure required to settle the Group's obligations in relation to the litigation, a provision of approximately HK\$39,239,000 (31 December 2022: HK\$38,985,000) was made.

The remaining is mainly provision for restoration of right-of-use assets.

### 14. BANK BORROWINGS

At 30 June 2023, the bank borrowings bear interest at HIBOR plus a margin per annum (for the six months ended 30 June 2022: fixed-rate interest or interest at LIBOR or HIBOR plus a margin per annum), at an effective interest rate 2.84% (31 December 2022: 3.11%) per annum. During the six months ended 30 June 2023, the Group repaid bank borrowings of HK\$250,000,000 (for six months ended 30 June 2022: HK\$289,662,000). During the six months ended 30 June 2022, the Group obtained new bank borrowings amounting to HK\$639,238,000 (for six months ended 30 June 2023: nil).

*Note:* Included in variable-rate borrowings were bank loans of HK\$1,750,000,000 (31 December 2022: HK\$1,750,000,000) which were under cash flow hedges. The interest rates for the borrowings are fixed to 2.315% and 2.38% under the interest rate swap contracts with the maturity date on 21 March 2024.

### 15. SHARE CAPITAL OF THE COMPANY

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
Shares of HK\$0.10 each		
At 1 January 2022	412,705	41,270
Shares issued under the Scheme	2,634	264
Shares repurchased and cancelled	(2,467)	(247)
	<u>412,872</u>	<u>41,287</u>
At 31 December 2022	412,872	41,287
Shares repurchased in 2022 and cancelled during the period	(367)	(37)
	<u>412,505</u>	<u>41,250</u>
At 30 June 2023	<u>412,505</u>	<u>41,250</u>

All shares issued in prior years rank pari passu with the then existing shares in issue in all respects.

The authorized share capital of the Company is HK\$50 million, comprising 500 million shares of HK\$0.10 each.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2023

**16. SHARE-BASED PAYMENTS**

At the annual general meeting of the Company held on 7 May 2019, the shareholders approved the adoption of an Employee Share Incentive Scheme (the "Scheme") commencing on 24 March 2020 (the "Adoption Date"), under which shares of the Company (the "Awarded Shares") may be allocated or awarded to employees or directors of the Company and certain subsidiaries as determined by the Board (the "Selected Employees"). Unless otherwise cancelled or amended, the Scheme will remain valid and effective for a period of ten years from the Adoption Date. Details of the Scheme were set out in the Company's circular to shareholders dated 1 April 2019.

During the year ended 31 December 2022, the directors resolved to contribute HK\$240 million to the Scheme, pursuant to which an independent professional trustee appointed by the Board under the Scheme ("Trustee") to subscribe or purchase 3,148,600 shares in the Company for the benefits of certain employees and members of the management of the Group who shall remain in employment within the Group upon the expiration of vesting period on 15 December 2022 (the "2022 Vesting Date"). The Trustee (i) purchased a total of 429,700 shares in the Company on the Stock Exchange, and (ii) subscribed 2,633,700 shares in the Company, prior to the 2022 Vesting Date. On the 2022 Vesting Date, the Trustee transferred 438,400 shares purchased on the Stock Exchange (included 8,700 shares purchased during the year ended 31 December 2021) and 2,633,700 subscribed shares to certain Selected Employees who are connected persons and not connected persons of the Company respectively. During the year ended 31 December 2022, 76,500 share entitlements were forfeited and unallocated by the Company.

During the period ended 30 June 2023, the directors resolved to contribute HK\$181 million to the Scheme, and a total of 2,447,000 shares in the Company are expected to be vested in Selected Employees upon the expiration of the next vesting period on 15 December 2023. The Trustee has purchased a total of 361,500 shares in the Company on the Stock Exchange.

The fair values of the shares awarded pursuant to the Scheme in 2022 and 2023 were determined with reference to the market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid prior to the vesting of the shares.

The Group recognised share-based payments for the six months ended 30 June 2023 amounting to HK\$65,283,000 (for the six months ended 30 June 2022: HK\$85,630,000) in relation to the shares awarded pursuant to the Scheme by the Company, such amount being determined by the fair value of the shares awarded at the award dates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 16. SHARE-BASED PAYMENTS (Continued)

Movement of the shares awarded to the Selected Employees under the Scheme during the period ended 30 June 2023 are as follows:

Date of award	Vesting period	Number of shares			
		At 1 January 2023 (Audited)	Awarded on 30 March 2023	Allocated as Awarded Shares during the period	At 30 June 2023 (Unaudited)
30 March 2023	30 March 2023 to 15 December 2023	—	2,447,000	(361,500)	2,085,500

Movement of the shares awarded to the Selected Employees under the Scheme during the year ended 31 December 2022 are as follows:

Date of award	Vesting period	Number of shares					
		At 1 January 2022 (Audited)	Awarded on 15 March 2022	Allocated as Awarded Shares during the year	Shares issued and vested on 15 December 2022	Share entitlements forfeited by 15 December 2022	At 31 December 2022 (Audited)
15 March 2022	15 March 2022 to 15 December 2022	—	3,148,600	(438,400)	(2,633,700)	(76,500)	—

As at 30 June 2023, the total number of outstanding unvested shares awarded to the Selected Employees under the Scheme is 2,447,000 (31 December 2022: nil).

Movement of Awarded Shares purchased by the Trustee is as follows:

	Number of shares purchased '000	Cost of purchase HK\$'000
At 1 January 2022 (audited)	9	845
Shares purchased from the market during the year	429	33,280
Awarded Shares vested	(438)	(34,125)
At 31 December 2022 and 1 January 2023 (audited)	—	—
Shares purchased from the market during the period	362	22,839
At 30 June 2023 (unaudited)	362	22,839

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2023

**17. RELATED PARTY TRANSACTIONS****Compensation of key management personnel**

During the period, the emoluments of directors and other members of key management were HK\$31,865,000 (for the six months ended 30 June 2022: HK\$31,350,000).

Certain shares of the Company were awarded to the members of key management under the Scheme (see note 16 for details of the Scheme). The estimated fair value of such shares included in the emoluments above amounted to HK\$8,607,000 (for the six months ended 30 June 2022: HK\$12,462,000) for the six months ended 30 June 2023.

**Service income and sales to a joint venture and its affiliates**

During the period, there are sales of spare parts to a joint venture and its affiliates of HK\$1,706,000 (for the six months ended 30 June 2022: HK\$9,893,000) and rental services of HK\$5,589,000 (for the six months ended 30 June 2022: HK\$6,468,000).

**18. ACQUISITION OF SUBSIDIARIES**

On 30 September 2021, the Group entered into a purchase agreement to acquire 100% equity interest in Automation Engineering, Inc. ("AEi"), a company based in Tewksbury, Massachusetts, USA, at a purchase price of US\$23,107,000 (equivalent to approximately HK\$180,188,000) ("AEi Acquisition"). AEi engages in the automotive camera active alignment market. The AEi Acquisition was completed on 1 February 2022 and has been accounted for using the acquisition method.

For details regarding the AEi Acquisition, please refer to 2022 Annual Report.

**Acquisition of Beijing Borey Advanced Technology Co., Ltd. ("Borey")**

On 13 April 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Borey, a company based in PRC, at a purchase price of RMB27,000,000 (equivalent to approximately HK\$30,842,000), subject to certain adjustments as set out in the share purchase agreement ("Borey Acquisition"). Borey engages in the surface mount technology electronic assembly equipment. The Borey Acquisition was completed on 28 April 2023 and has been accounted for using the acquisition method.

Acquisition-related costs have been excluded from the cost of acquisition and recognised as an expense in the period when incurred within the "general and administrative expenses" line item in the condensed consolidated statement of profit or loss. Cumulative acquisition-related costs in respect of the Borey Acquisition amounted to HK\$2,091,000, of which HK\$1,635,000 was charged to profit or loss in the current period with the remaining amount charged to profit and loss in prior year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 18. ACQUISITION OF SUBSIDIARIES (Continued)

#### Acquisition of Beijing Borey Advanced Technology Co., Ltd. ("Borey") (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows (determined on a provisional basis):

	HK\$'000
Property, plant and equipment	654
Intangible assets	7,666
Inventories	1,730
Trade and other receivables	1,063
Bank balances and cash	63
Trade liabilities and other payables	(2,496)
	<u>8,680</u>
Net cash outflow arising on acquisition:	
Purchase consideration	30,842
Less: Cash and cash equivalents acquired	(63)
Contingent consideration ( <i>Note</i> )	(19,276)
	<u>11,503</u>
Goodwill arising on acquisition:	
Purchase consideration	30,842
Less: Fair value of identified net assets acquired	(8,680)
	<u>22,162</u>

*Note:* The contingent consideration arrangement required the Group to pay the seller the rest of 62.5% of purchase consideration in the two instalments by reference to the specified product standard and revenue benchmark ("Milestone") of Borey for the period from 28 April 2023 to 31 July 2026 ("Relevant Period") pursuant to the share purchase agreement. At the date of acquisition, the directors consider that the fair value of the contingent consideration was the earn-out payments payable to the seller of Borey during the Relevant Period which is estimated to be approximately RMB16,875,000 (equivalent to approximately HK\$19,276,000). The contingent consideration payable expected to be settled over twelve months from the reporting period is included in "other liabilities and accruals" under the non-current liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 18. ACQUISITION OF SUBSIDIARIES (Continued)

#### Acquisition of Beijing Borey Advanced Technology Co., Ltd. ("Borey") (Continued)

The trade receivables acquired in this acquisition had a fair value of HK\$954,000, which was the same as the related gross contractual amount. It would be the best estimate from management at acquisition date of the contractual cash flows expected to be collected.

Goodwill arose in Borey Acquisition because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively included an amount in relation to the benefit of the expected cost synergies and technological integration of surface mount technology. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The initial accounting for goodwill acquired in the above business combination with the fair value HK\$22,162,000 has been determined on a provisional basis. The amount of goodwill and intangible assets may be adjusted accordingly upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

#### Acquisition of Soft Rock Technologies Sdn. Bhd. ("SRT")

On 7 February 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in SRT, a company based in Malaysia, at a purchase price of MYR7,033,000 (equivalent to approximately HK\$12,902,000), subject to certain adjustments as set out in the share purchase agreement ("SRT Acquisition"). SRT is a software development company with expertise in process and factory automation. The SRT Acquisition was completed on 16 February 2023 and has been accounted for using the acquisition method.

Acquisition-related costs have been excluded from the cost of acquisition and recognised as an expense in the period when incurred within the "general and administrative expenses" line item in the condensed consolidated statement of profit or loss. Cumulative acquisition-related costs in respect of the SRT Acquisition amounted to HK\$856,000, of which HK\$110,000 was charged to profit or loss in the current period with the remaining amount charged to profit and loss in prior year.

Assets acquired and liabilities recognised at the date of acquisition are as follows (determined on a provisional basis):

	HK\$'000
Property, plant and equipment	186
Trade and other receivables	853
Bank balances and cash	1,196
Trade liabilities and other payables	(240)
	1,995

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2023

**18. ACQUISITION OF SUBSIDIARIES (Continued)****Acquisition of Soft Rock Technologies Sdn. Bhd. ("SRT") (Continued)**

	HK\$'000
Net cash outflow arising on acquisition:	
Purchase consideration	12,902
Less: Cash and cash equivalents acquired	(1,196)
Contingent consideration ( <i>Note</i> )	(4,850)
	<u>6,856</u>
Goodwill arising on acquisition:	
Purchase consideration	12,902
Less: Fair value of identified net assets acquired	(1,995)
	<u>10,907</u>

*Note:* The contingent consideration arrangement required the Group to pay the seller 40% of the base purchase consideration by reference to the qualification of employees to the assembled workforce and team structure of SRT as of 31 December 2024 pursuant to the share purchase agreement. At the date of acquisition, the directors consider that the fair value of the contingent consideration was the remaining purchase consideration payable to the seller of SRT on 31 January 2025 pursuant to the share purchase agreement, which is estimated to be MYR2,640,000 (equivalent to approximately HK\$4,850,000). The contingent consideration payable expected to be settled over twelve months from the reporting period is included in "other liabilities and accruals" under the non-current liabilities.

The trade receivables acquired in this acquisition had a fair value of HK\$624,000, which was the same as the related gross contractual amount. It would be the best estimate from management at acquisition date of the contractual cash flows expected to be collected.

Goodwill arose in SRT Acquisition because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively included an amount in relation to the benefit of expected synergies, future market development and the assembled workforce of SRT. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The initial accounting for goodwill acquired in the above business combination with the fair value HK\$10,907,000 has been determined on a provisional basis. The amount of goodwill may be adjusted accordingly upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

**Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023 (unaudited)	31 December 2022 (audited)				
Foreign currency forward contracts classified as derivative financial instruments on the condensed consolidated statement of financial position	<b>Assets — HK\$49,261,000</b> <b>Liabilities — HK\$4,841,000</b>	Assets — HK\$49,479,000 Liabilities — HK\$14,253,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Interest rate swaps, designated as for hedging — classified as derivative financial instruments on the condensed consolidated statement of financial position	<b>Assets — HK\$42,370,000</b>	Assets — HK\$58,720,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Other investments (classified as equity instrument at fair value through other comprehensive income ("FVTOCI"))	<b>Assets — HK\$72,116,000</b>	Assets — HK\$38,051,000	Level 3	Market approach is used by comparing the latest transaction prices. Considerations such as time and condition of sale and terms of agreements are analyzed and adjustments are made, where appropriate, to arrive at an estimation of fair value.	The considerations may vary significantly due to difference in timing, condition of sale and terms of agreements, size and nature of similar business to derive the estimated fair value.	The higher the value of similar transactions, the higher the estimation of fair value derived from it, and vice versa.
Share adjustment on earn-out clause in a joint venture	<b>Asset — HK\$156,300,000</b>	Asset — HK\$156,300,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the group arising from the share adjustment in a joint venture, based on an appropriate discount rate.	A joint venture would meet the amount of earn-out clause by reference to the estimated sale performance and profit forecast.	The higher the amount of profit and enterprise value of a joint venture, the higher the fair value, and vice versa.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

## Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023 (unaudited)	31 December 2022 (audited)				
Contingent consideration receivable in other financial assets	Asset — HK\$39,765,000	Asset — HK\$39,765,000	Level 3	EBIT of a joint venture in 2021 and 2022 and forecast EBIT of a joint venture during 2023.	Forecast EBIT of a joint venture during 2023 to achieve the EBIT target in shareholders' agreement with the shareholder of a joint venture.	Forecast EBIT of a joint venture during 2023.
Contingent consideration for Borey Acquisition (as defined in note 18)	Liability — HK\$18,302,000	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Borey would meet the amount of specified product standards and revenue benchmark by reference to the product road map and sales forecast of Borey that could achieve.	The higher the amount of revenue, the higher the fair value, and vice versa.
Contingent consideration for SRT Acquisition (as defined in note 18)	Liability — HK\$4,433,000	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	SRT would fulfill the requirements of team structure and qualification of employees by reference to the business plan of SRT that could achieve.	The higher probability of fulfilling the requirements, the higher the fair value, and vice versa.

There were no transfers between Level 1, 2 and 3 in both periods.

The directors consider that the carrying amounts of the other financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2023

**19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)****Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)****Reconciliation of Level 3 fair value measurements***Financial assets (liabilities)*

	Contingent consideration receivable in other financial assets HK\$'000	Share adjustment on earn-out clause in a joint venture HK\$'000	Other investments- equity instruments at FVTOCI HK\$'000	Contingent consideration for AEI Acquisition HK\$'000	Contingent consideration for Borey Acquisition HK\$'000	Contingent consideration for SRT Acquisition HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	39,775	144,386	64,202	—	—	—	248,363
Arising on acquisition of a subsidiary	—	—	—	(38,990)	—	—	(38,990)
Total gain (loss):							
— currency realignment	238	862	(2,837)	(239)	—	—	(1,976)
At 30 June 2022 (unaudited)	<u>40,013</u>	<u>145,248</u>	<u>61,365</u>	<u>(39,229)</u>	<u>—</u>	<u>—</u>	<u>207,397</u>
At 1 January 2023 (audited)	39,765	156,300	38,051	—	—	—	234,116
Arising on acquisition of subsidiaries	—	—	—	—	(19,276)	(4,850)	(24,126)
Purchase	—	—	31,338	—	—	—	31,338
Total gain (loss):							
— in other comprehensive income	—	—	2,520	—	—	—	2,520
— currency realignment	—	—	207	—	974	417	1,598
At 30 June 2023 (unaudited)	<u>39,765</u>	<u>156,300</u>	<u>72,116</u>	<u>—</u>	<u>(18,302)</u>	<u>(4,433)</u>	<u>245,446</u>

For the six months ended 30 June 2023, a net gain of HK\$2,520,000 (six months ended 30 June 2022: nil) was recognised relating to other investments classified as equity instruments at FVTOCI and was reported as changes of "fair value through other comprehensive income reserve".

The directors consider that the carrying amounts of the other financial assets and financial liabilities recognised of amortized cost in the condensed consolidated financial statements approximate their fair values.

The fair values of the financial assets and liabilities included in the level 3 categories above have been determined by market approach or in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

### 20. CAPITAL COMMITMENTS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>76,162</u>	<u>135,800</u>

## OTHER INFORMATION

## DIRECTORS' INTERESTS IN SHARES

Details of the interests of the directors and chief executives of the Company and their associates in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as at 30 June 2023 as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

## Long positions

Shares of HK\$0.10 each of the Company:

Name of director	Capacity	Number of shares held	Percentage of shareholding in the Company
Robin Gerard Ng Cher Tat	Beneficial owner	591,200 <sup>(Note 1)</sup>	0.14%
Guenter Walter Lauber	Beneficial owner	200,900 <sup>(Note 2)</sup>	0.05%

## Notes:

- The 591,200 shares included an entitlement of 115,400 shares allocated to Mr. Ng by the Company on 30 March 2023 pursuant to the Scheme, which will vest upon the expiration of the vesting period on 15 December 2023. Pursuant to the Scheme, no purchase price was payable by Mr. Ng in relation to this allocation.
- The 200,900 shares included an entitlement of 67,300 shares in the Company allocated to Mr. Lauber on 30 March 2023 pursuant to the Scheme, which will vest upon the expiration of the vesting period on 15 December 2023. Pursuant to the Scheme, no purchase price was payable by Mr. Lauber in relation to this allocation.

Save as disclosed above, as at 30 June 2023, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

## OTHER INFORMATION (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2023, the following persons (other than the interests disclosed above in respect of directors or chief executives of the Company) had interests or short positions in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Long positions	
		Number of shares held	Percentage of shareholding in the Company <i>(Note 6)</i>
ASM International N.V.	Interest of a controlled corporation	103,003,000 (L) <i>(Note 2)</i>	24.97% (L)
ASM Pacific Holding B.V.	Beneficial owner	103,003,000 (L) <i>(Note 2)</i>	24.97% (L)
FIL Limited	Interest of controlled corporations	41,208,068 (L) <i>(Note 3)</i>	9.99% (L)
Pandanus Associates Inc.	Interest of a controlled corporation	41,208,068 (L) <i>(Note 3)</i>	9.99% (L)
Pandanus Partners L.P.	Interest of a controlled corporation	41,208,068 (L) <i>(Note 3)</i>	9.99% (L)
Brown Brothers Harriman & Co.	Agent	33,311,181 (L) <i>(Note 4)</i>	8.08% (L)
		33,311,181 (P) <i>(Note 4)</i>	8.08% (P)
Fidelity Funds	Beneficial owner	29,163,700 (L) <i>(Note 5)</i>	7.07% (L)

*Notes:*

- (L) — Long Position, (P) — Lending Pool
- ASM International N.V. was deemed to be interested in 103,003,000 shares, through the shares held by its wholly-owned subsidiary, ASM Pacific Holding B.V.. Thus, their respective shareholdings represented the same block of shares.
- Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 37.01% shareholding interest in FIL Limited. FIL Limited was deemed to be interested in these 41,208,068 shares of the Company through a series of subsidiaries. Accordingly, Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited were deemed to be interested in these shares pursuant to the SFO.
- Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by Brown Brothers Harriman & Co. on 14 July 2022, Brown Brothers Harriman & Co. was deemed to be interested in 33,311,181 shares (L) and 33,311,181 shares (P).
- The long position of 29,163,700 shares held by Fidelity Funds included derivative interests in 34,300 underlying shares of the Company derived from unlisted and cash settled derivatives.
- The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2023, being 412,504,333 shares.

Save as disclosed above, as at 30 June 2023, according to the register required to be kept by the Company under Section 336 of the SFO, there was no other person who had any interest or short position in the shares or underlying shares of the Company.

## OTHER INFORMATION (CONTINUED)

### CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2023.

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Specific enquiry has been made to all directors of the Company, and all of the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023.

### AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) comprises four Independent Non-Executive Directors and one Non-Executive Director who together have substantial experience in the 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 2023 in conjunction with the Company’s external auditor.

### EMPLOYEE SHARE INCENTIVE SCHEME

The Company has adopted the Employee Share Incentive Scheme (the “Scheme”) for the benefit of the Group’s employees and members of management. The specific objectives of the Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Scheme was approved by the shareholders of the Company at the Company’s annual general meeting held on 7 May 2019, and adopted by the Company on 24 March 2020 (the “Adoption Date”). Under the Scheme, the shares of the Company may be allocated or awarded to employees or directors of the Group as selected by the Board. The Scheme will be valid and effective for a period of ten years commencing from the Adoption Date.

## OTHER INFORMATION (CONTINUED)

## EMPLOYEE SHARE INCENTIVE SCHEME (Continued)

## Details of the shares awarded under the Scheme in 2023

	Unvested as at 1 January 2023	Date of Award	Closing price immediately before the date of award	No. of issued shares			Unvested as at 30 June 2023	Vesting period
				Awarded during the six months ended 30 June 2023	Lapsed during the six months ended 30 June 2023	Vested during the six months ended 30 June 2023		
<b>Executive Directors</b>								
• Robin Gerard Ng Cher Tat	—	30 March 2023	HK\$77.95 (29 March 2023)	115,400	—	—	115,400	30 March to 15 December 2023
• Guenter Walter Lauber	—	30 March 2023	HK\$77.95 (29 March 2023)	67,300	—	—	67,300	30 March to 15 December 2023
<b>Other Selected Employees</b>	—	30 March 2023	HK\$77.95 (29 March 2023)	2,264,300	21,600	—	2,242,700	30 March to 15 December 2023

No purchase price is payable for the shares awarded under the Scheme. Further details of the Scheme are set out in note 16 to the condensed consolidated financial statements.

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

During the six months ended 30 June 2023, 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 Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on the Stock Exchange a total of 361,500 shares in the Company at a total consideration of approximately HK\$22.8 million (excluding ancillary trading fees, costs and expenses directly attributable to the purchase).

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed from 16 August 2023 to 18 August 2023, both days inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with Company's Share Registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 15 August 2023. The interim dividend will be paid on or about 31 August 2023.

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