ASMPT enabling the digital world

# Solid Performance for ADVANCED PACKAGING

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

**ASMPT LIMITED**
(Incorporated in the Cayman Islands with limited liability)

(Stock Code：0522)

# 2023
## ANNUAL REPORT

# WELCOME

Dear Reader, thank you for taking the time to peruse the 2023 Annual Report for ASMPT Limited. This annual report provides a detailed view of the company's performance and outlook for the future.

ASMPT is a leading global supplier of hardware and software solutions for the manufacture of semiconductors and electronics. Headquartered in Singapore, ASMPT's offerings encompass the semiconductor assembly & packaging, and SMT (surface mount technology) industries, ranging from wafer deposition to the various solutions that organise, assemble and package delicate electronic components into a vast range of end-user devices, which include electronics, mobile communications, computing, automotive, industrial and LED (displays). ASMPT partners with customers very closely, with continuous investment in R&D helping to provide cost-effective, industry-shaping solutions that achieve higher productivity, greater reliability, and enhanced quality.

ASMPT is listed on the Stock Exchange of Hong Kong (HKEX stock code: 0522), and is one of the constituent stocks of the Hang Seng Composite MidCap Index under the Hang Seng Composite Size Indexes, the Hang Seng Composite Information Technology Industry Index under the Hang Seng Composite Industry Indexes, the Hang Seng Corporate Sustainability Benchmark Index and the Hang Seng HK 35 Index. To learn more about ASMPT, please visit us at www.asmpt.com.

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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 Auditor
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

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Singapore 768924
Republic of Singapore

## REGISTERED OFFICE

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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 : http://www.asmpt.com
Phone : (65) 6752 6311
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## CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This Annual Report is now available in printed form in English and in Chinese, and on the website of the Company. Shareholders may at any time choose to receive the Annual Report in printed form in either the English or Chinese language or both or by electronic means by reasonable notice in writing to the Company c/o the Share Registrar. Shareholders who have chosen to receive the Annual Report using electronic means but for any reason have difficulty in receiving or gaining access to the Annual 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 annual report shall prevail over the Chinese version.)

# 2023 FINANCIAL HIGHLIGHTS

## GROUP FINANCIAL HIGHLIGHTS FOR FY 2023

Revenue of HK$ **14.70** billion (US$1.88 billion), −24.1% YoY

Bookings of HK$ **12.26** billion (US$1.57 billion), −33.5% YoY

Gross margin of **39.3**%, −186 bps YoY

Operating margin of **7.5**%, −920 bps YoY

Net profit of HK$ **711.5** million, −72.8% YoY

Basic earnings per share of HK$ **1.73**, −72.8% YoY

Order backlog of HK$ **6.61** billion (US$846.1 million) as of 31 December 2023

Full Year 2023 dividend per share (including special dividend) of HK$ **1.39**

## NON-HKFRS MEASURES[1]

Adjusted net profit of HK$ **745** million for FY 2023 (−71.5% YoY)

Adjusted basic earnings per share of HK$ **1.82** for FY 2023 (−71.4% YoY)

## REVENUE GUIDANCE FOR Q1 2024

US$ **370** million to US$ **430** million

1 For more information about the Non-HKFRS Measures, please refer to the section of "Reconciliation of HKFRS Measures to the non-HKFRS Measures" under Management Discussion and Analysis.

## 2023 FINANCIAL HIGHLIGHTS (continued)

| | 2023 HK$'000 (audited) | 2022 HK$'000 (audited) |
|---|---|---|
| Revenue | **14,697,489** | 19,363,495 |
| Cost of sales | **(8,923,861)** | (11,397,547) |
| Gross profit | **5,773,628** | 7,965,948 |
| Other income | **183,001** | 122,528 |
| Selling and distribution expenses | **(1,606,563)** | (1,705,253) |
| General and administrative expenses | **(1,014,868)** | (997,654) |
| Research and development expenses | **(2,047,802)** | (2,026,478) |
| Other gains and losses, net | **(29,767)** | 86,546 |
| Other expenses | **(94,976)** | (76,048) |
| Finance costs | **(137,888)** | (119,936) |
| Share of result of a joint venture | **11,246** | 163,338 |
| Profit before taxation | **1,036,011** | 3,412,991 |
| Income tax expense | **(324,510)** | (794,924) |
| Profit for the year | **711,501** | 2,618,067 |
| Profit (loss) for the year attributable to: | | |
| Owners of the Company | **715,353** | 2,620,251 |
| Non-controlling interests | **(3,852)** | (2,184) |
| | **711,501** | 2,618,067 |
| Earnings per share | | |
| — Basic | **HK$1.73** | HK$6.36 |
| — Diluted | **HK$1.73** | HK$6.33 |

# CHAIRMAN'S STATEMENT

"For Advanced Packaging, one of the Group's most promising growth areas, we have systematically prioritised R&D resources and capacity investments to fortify continuously our leading position. … At a corporate level, the Group has also rolled out other large scale projects that focused on people development and operational excellence … these initiatives will help make ASMPT more productive and agile in a dynamic operating environment. … to accelerate growth while driving long-term operational excellence, employee engagement and market success.

Looking over the longer-term, we firmly believe that the semiconductor industry is only at the initial stage of the AI revolution and its full potential may power a multi-year industry upcycle. … With our continuous commitment towards R&D, ongoing strategic initiatives, and strong foundation, we are confident of the Group's overall direction towards long-term growth and profitability."

**Orasa Livasiri**
Chairman

## DEAR SHAREHOLDERS, EMPLOYEES, AND STAKEHOLDERS,

It is my privilege to present to you ASMPT Limited's 2023 Annual Report. Simply put, 2023 was a difficult year. You may recall my message for 2022 in which I had described the unpredictable impact of a more 'VUCA' (Volatile, Uncertain, Complex and Ambiguous) macroeconomic environment that had resulted in that year seeing a rapid whipsaw from super-cycle at the outset, to downcycle by its end. In light of that, I had at the time expressed uncertainty about how 2023 would pan out.

Indeed, 2023 was a year where navigating our industry and business was very challenging. The year was marked by an increased number of geopolitical conflicts, which took their toll on supply chains and market sentiment. The situation was exacerbated by continuing trade tensions, stubborn inflationary pressure, high interest rates, and a slower than anticipated recovery of the Chinese economy. The combined effect of these factors weakened overall consumer sentiment and electronics demand and resulted in a significant downcycle year for the semiconductor industry.

However, amid these choppy waters, the Group continued to steer its ship steadily, due in large part to its unique broad-based portfolio. For one, our SMT Solutions Segment was less impacted during the downcycle year, thereby providing ballast for the Group's revenue performance. From an end-market perspective, the Automotive and Industrial end markets — despite facing some normalization pressure — continued to contribute the most to Group revenue, shielding us from softness in the overall consumer electronics related markets. A lighthouse in the stormy sea for us is our Advanced Packaging solutions, which registered growth in their percentage contribution to overall Group revenue. Our AP solutions are in a strong position in many parts of the AI ecosystem, and the continued growth of AI applications bodes well for our prospects.

The Group's continued resilience in a challenging 2023 came also from our global workforce. Here, on behalf of the Board and the Group leadership team, I wish to express to our many employees worldwide our heartfelt acknowledgement and appreciation of their unwavering dedication, commitment, and professionalism in a trying year. A special note of thanks also goes to my fellow Board members and Management for having the courage, patience and tenacity to guide and walk with the teams through a rough industry landscape.

Let me now take you through some noteworthy developments for 2023.

## SPECIAL DIVIDEND FOR SHAREHOLDERS

In the face of the continued downcycle, our Semiconductor Solutions Segment's revenue declined 37.0% YoY in 2023, while the SMT segment experienced a lesser decline of 10.0% YoY, thereby providing some cushion. Net impact was a Group revenue decline of 24.1% YoY to HK$14.70 billion (US$1.88 billion) for the full year. Group adjusted net profit declined 71.5% YoY to HK$744.9 million. However, our balance sheet remained healthy and with better cash flow, net cash of HK$2.80 billion at the end of 2023 was at an all-time high.

We have a dividend policy in place of paying out around 50% of our net profit as dividends. However, to thank our shareholders for their trust, loyalty, and patience in a downcycle year, the Board has unanimously recommended a special cash dividend of HK$0.52 per share on top of the 50% dividend payout policy. With this special dividend, the total payout for 2023 is 80%.

From a longer-term perspective, our strategy is to evolve progressively the Group's product mix towards serving advanced, high-growth and under-represented markets. At the same time, we will also continue our ongoing cost optimisation and efficiency-enhancing measures throughout the company.

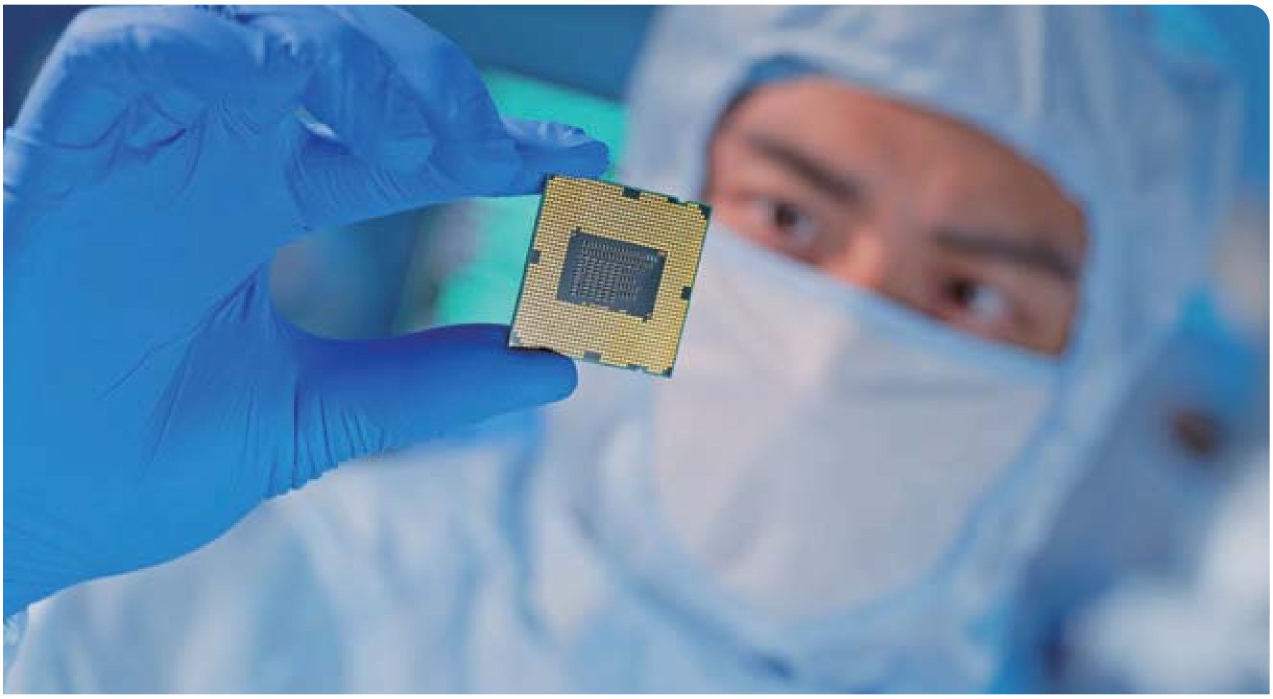
## LAYING STRONG FOUNDATIONS FOR THE FUTURE

The VUCA operating environment demands that the Group be not only strong and agile enough to steer well through unexpected challenges, but also to capitalize on evolving and emerging opportunities. To give life to this strategy, the Group has further enhanced some crucial ongoing initiatives, while planning and rolling out newer ones. One key example is Advanced Packaging, one of the Group's most promising growth areas. Here, we have systematically prioritised R&D resources and capacity investments to fortify continuously our leading position on many of the AP areas, and to become the leader in others. At a corporate level, the Group has also rolled out other large scale projects that focused on people development and operational excellence.

The management team remains fully committed to these investments and strongly believes that these initiatives will help make ASMPT more productive and agile in a dynamic operating environment. These provide us with the strong foundation to accelerate growth while driving long-term operational excellence, employee engagement and market success.

## CONSISTENT ENGAGEMENT WITH INVESTORS

Even in a downcycle year, the Investor Relations (IR) team, including the CEO and CFO, continued to engage investors and analysts regularly. The team met extensively with our global base of key investors through face-to-face or virtual meetings and participated in a number of important investor conferences. The IR team also arranged for investors and analysts to visit our global facilities, which provided an in-depth introduction and explanation of the Group's solutions and capabilities. During the later part of the year, the team also proactively arranged for investors and analysts to visit the Group's key facility in Munich to get a comprehensive understanding of our SMT business. In an endeavour to elevate disclosure level, the team is constantly working towards enhancing the amount of information disclosed to the shareholders and investing world.



## CHAIRMAN'S STATEMENT (continued)

## ENHANCED FOCUS ON SUSTAINABILITY MEGATRENDS

In 2023, ASMPT continued its commitment to be an ESG leader in the semiconductor industry. In pursuit of our ASMPT Net Zero 2035 commitment for Scope 1 and Scope 2 emissions, the Group focused on implementing the emissions reduction levers of "Energy Demand Reduction" and "Renewable Energy Self-generation" at its major facilities globally.

In 2023, ASMPT actively took a lead in efforts to reduce emissions throughout the semiconductor value chain as part of its Scope 3 emissions reduction activities. As a founding member of the Semiconductor Climate Consortium (SCC) and as a lead for Scope 2 Emissions Working Group, the Group is at the forefront of a collaboration to guide the entire semiconductor industry towards a low-carbon energy future.

On the social front, the Group is evolving its diversity, equity & inclusion (DEI) initiatives worldwide. In 2023, ASMPT implemented initiatives such as the Country Women's Chapters.

More details on our sustainability initiatives and targets can be found in the 2023 Environmental, Social and Governance Report that has been released simultaneously with this Annual Report.

## CONCLUSION

After almost two years of inventory de-stocking, it is no surprise that there is optimism for a rebound of the semiconductor industry in 2024.

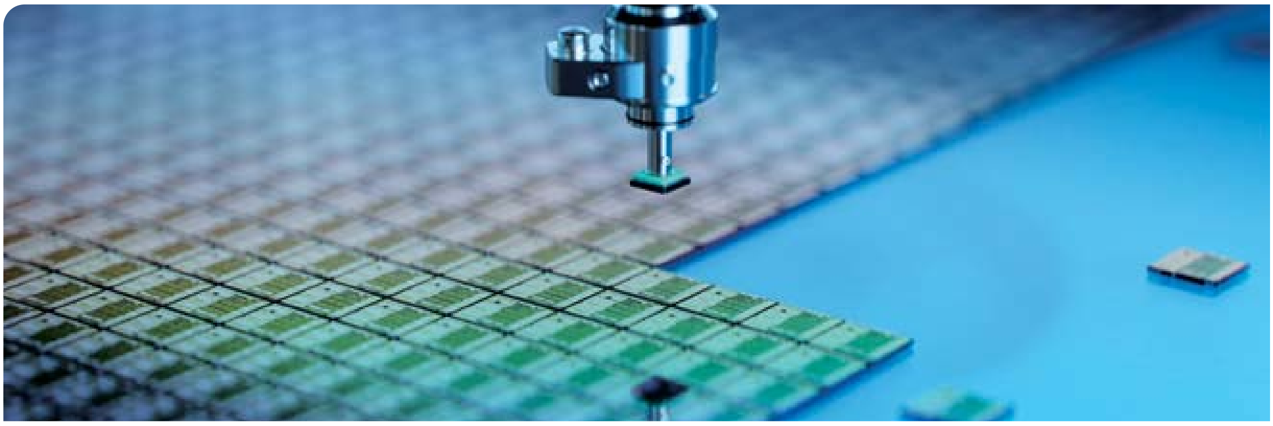
Looking beyond 2024 and over the longer-term, we firmly believe that the semiconductor industry is only at the initial stage of the AI revolution and its full potential may power a multi-year industry upcycle. Our optimism is further supported by other longer term structural trends such as automotive electrification, intelligent factories, green infrastructure, 5G/6G and IoT. With our continuous commitment towards R&D, ongoing strategic initiatives, and strong foundation, we are confident of the Group's overall direction towards long-term growth and profitability.

As 2023 was a difficult year for the industry, I would like to thank sincerely our customers, suppliers, and business partners, for their unwavering support of the Group.

Last but not least, I would again like to thank our shareholders for your steadfastness, conviction, and continued trust in ASMPT. I strongly believe that together we can realise the full potential of the Group.

**Orasa Livasiri**
*Chairman*

27 February 2024

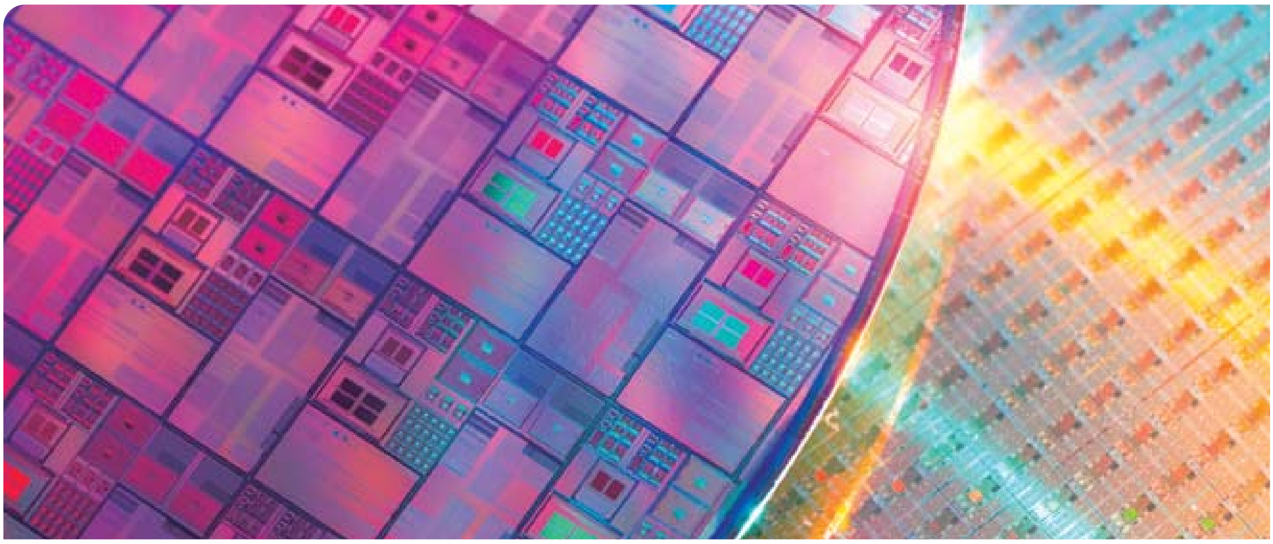


# MANAGEMENT DISCUSSION AND ANALYSIS

"In the face of a challenging macroeconomic environment in 2023, ASMPT demonstrated resilience and adaptability. In addition to continued demand from Automotive and Industrial end markets, we also saw an increasing demand for our Advanced Packaging solutions to support emerging applications in generative AI and High Performance Computing. We firmly believe that Advanced Packaging represents a strategic growth area with significant potential and will prioritise investments in both talent and capacity to further strengthen our leading position. ASMPT is well-positioned to capitalize on opportunities in the AI market to sustain long-term success."

**Ng Cher Tat, Robin**
Group CEO

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)



## RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK$14.70 billion (US$1.88 billion) for the fiscal year ended 31 December 2023, which was 24.1% lower year-on-year ("YoY"). The Group's consolidated profit after taxation for the year was HK$711.5 million (HK$744.9 million after adjustments under non-HKFRS Measures), a decrease of 72.8% YoY. Basic earnings per share ("EPS") for the year amounted to HK$1.73 (HK$1.82 after adjustments under non-HKFRS Measures) compared with EPS of HK$6.36 for the preceding year.

## DIVIDENDS

The Group has a dividend policy of distributing around 50% of its annual profits as dividends and firmly believes in returning excess cash to its shareholders. After considering its short-term needs and cash on hand, the Board of Directors has resolved to recommend to shareholders the payment of a final dividend of HK$0.26 (2022: final dividend of HK$1.90) per share. In addition, the Board has also recommended a special cash dividend of HK$0.52 per share to shareholders. Together with the interim dividend of HK$0.61 (2022: HK$1.30) per share paid in August 2023, the total dividend payment for year 2023 will be HK$1.39 (2022: HK$3.20) per share.

## GROUP BUSINESS REVIEW

Our review of 2023 will begin with an overall commentary on notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

Overall, 2023 was a tough year for the semiconductor industry. The impact of a challenging macroeconomic environment — including persistent inflationary pressure, interest rate impact, coupled with geopolitical tensions, and a slower than anticipated recovery of the Chinese economy — weakened overall consumer sentiment and electronics demand.

The Group's management team deeply appreciates the professionalism, dedication and commitment of the entire global ASMPT team which deftly navigated a difficult landscape in 2023.

## GROUP BUSINESS REVIEW (CONTINUED)

### Unique Broad-based Portfolio Cushioned Impact of Downcycle Year

The Group's unique broad-based portfolio encompasses two distinct businesses — SEMI and SMT. While the prolonged industry downturn adversely impacted the SEMI business — with its revenue contracting significantly in 2023 due to a substantial fall in demand for personal computers, smartphones, and other consumer electronic devices — SMT remained resilient mainly due to continued demand from Automotive and Industrial end markets. In fact, SMT contributed more of overall Group revenue in 2023, delivering higher revenue than SEMI for a sixth consecutive quarter in Q4 2023.

Another aspect of the Group's unique broad-based portfolio is the diversified end markets the Group serves. Automotive applications continued their strong momentum, contributing the most to Group revenue in 2023, followed by Industrial applications. An obvious bright spot was its Advanced Packaging ("AP") solutions that experienced growing demand from generative AI and High Performance Computing ("HPC") applications.

### SMT: Resilient Performance with Largest Market Share

Powered by Automotive and Industrial end-market applications during the year, SMT delivered a comparatively buoyant revenue performance even in the semiconductor downcycle and strengthened its position as market leader. Much of this performance was due to robust demand for SMT's high-end placement and printing tools, which came mostly from Europe and the Americas. SMT bookings started to soften in the second half of 2023 mainly due to automotive and industrial end-markets normalising.

Even as Automotive and Industrial end markets continued to dominate segment bookings for 2023, there has also been growing demand for the Group's placement tools from AI-related server applications due to their flexibility in handling varied board sizes with high placement accuracy. The Group's SMT placement tools received orders from AI server customers and a leading foundry player in 2023.

More recently, there was also demand from smartphone and wearable applications players, specifically for SMT's Systems-in-Package (SiP) AP tools.

### Automotive: Maintaining Pole Position for Revenue Contribution

The Group's Automotive end-market applications contributed the highest proportion of 2023 Group revenue at about 22% or approximately US$410 million. This was primarily fuelled by growth in engagements with Automotive players, particularly Electric Vehicle ("EV") players, enabling more of the Group's solutions to becoming the process of record ("POR") for these companies.

The Group's comprehensive range of Automotive solutions are a distinctive competitive differentiator, and momentum is particularly notable in the growing EV market that is being supported by the entry of new automakers and more EV model launches.

Demand for Silicon Carbide ("SiC") related applications is also on the rise and the Group's 'total solutions' for these include laser dicing for wafers, die attach, pressure sintering, molding, and SMT placement. These value-added solutions have helped the Group to be a preferred co-development partner for its customers.

Looking forward, the Group estimates the addressable market for Automotive end-market applications to grow from approximately US$1.8 billion in 2024 to US$2.6 billion in 2028, at a compounded annual growth rate ("CAGR") of about 10%.

## GROUP BUSINESS REVIEW (CONTINUED)

### Advanced Packaging: Expanding Customer Base in High Growth Market

The Group's AP solutions' percentage share of Group revenue for 2023 increased YoY to around 22%, or about US$410 million.

Looking ahead, the Group estimates that its addressable market for AP will progressively increase from about US$1.7 billion in 2024 to US$3.3 billion in 2028, a CAGR of about 18%. This increase in both addressable market size and CAGR is mainly driven by the fast-growing global generative AI market. As more of the Group's AP solutions are gaining traction, it is further deepening its already strong, entrenched positions with major AI players. This provides the Group with confidence to steadily grow its AP market share.

Here are some notable developments within the Group's AP solutions:

#### Thermo-Compression Bonding ("TCB"): Market Leader with Increased Customer Adoption

On the back of a robust backlog, the Group's TCB solutions delivered their highest yearly revenue and contributed the most to the Group's overall AP revenue in 2023.

With an early mover advantage, the Group's TCB solutions are a market leader, with the largest installed base of tools globally. Overall, its TCB customer base has expanded beyond logic IDMs into high bandwidth memory ("HBM"), leading foundry, and OSAT players, and it is deeply embedded in these customers' generative AI supply chains.

The Group has a solid foundation serving the logic IDM market. Here, its TCB solutions have a commanding position in both chip to substrate ("C2S") and chip to wafer ("C2W") applications for HPC and AI.

In addition, for logic requirements fuelled by generative AI demand, the Group has already won meaningful TCB orders for C2S applications from a leading foundry in Q3 and Q4 2023. The Group is also deeply engaged with this customer with its next generation ultrafine pitch C2W solution. It also won orders from OSATs for both C2S and C2W applications as they expand capacity to support multiple AI players' growth.

In the HBM market, the Group's TCB tools are already employed in production at a leading HBM player, and it continues to have meaningful engagements with multiple HBM players. These provide confidence for more order flow over the next few quarters. Moreover, as HBM packaging requirements become more demanding, they will increasingly require TCB processes, where ASMPT is the technology leader. The Group is ready for 12H/16H HBM with its next generation ultrafine pitch TCB.

With accelerating TCB adoption, ASMPT is in the best position to capitalize on the generative AI boom. Its first mover position, proven track record and extensive industry learning over the past decade enable it to offer the most comprehensive and scalable TCB solutions. It will continue to expand its production capacity in 2024 and beyond.

#### Flip Chip ("FC") High Precision Die-bonding Gains Traction in AI

Generative AI and HPC applications require varying degrees of pitch and placement accuracy across cloud and data centres. Besides TCB, the Group's high-precision FC bonding tools have also gained traction due to demand from generative AI requirements with a consistent order momentum throughout 2023 that is expected to continue in 2024. It is engaging leading foundry, HBM and OSAT customers for both C2W and C2S applications. In addition, its FC tools are capable of panel level pick-and-place fan-out applications with lower form factors that are well-suited for AI edge devices.

Taken together, the Group's TCB and FC tools are already catering to AI players at cloud and datacentre levels and are well-poised to take advantage of the huge potential in edge devices when demand for these devices surges.

## GROUP BUSINESS REVIEW (CONTINUED)

### Advanced Packaging: Expanding Customer Base in High Growth Market (Continued)

#### Hybrid Bonding ("HB"): A Breakthrough Year

In 2023, the Group's HB solutions received its first orders for two tools for 3D integration that will be delivered in the second half of 2024. It is confident of securing more orders for its HB tools in Q1 2024 and beyond.

Engagements with key customers for its next-generation HB tools are progressing well in various end-market applications, including the memory market. These engagements give the Group confidence that it will intercept the HVM ramp for HB in time to come.

#### Photonics: Market Leading Solutions

Rapid generative AI growth demands higher bandwidth and datacentres are expanding and upgrading to support this. Consequently, demand for higher bandwidth optical transceivers and Co-Packaged Optics ("CPO") applications has been growing.

For transceivers, the Group's market leading range of Photonics solutions can cater to bandwidths from 100G to 800G and beyond. In particular, it has a comprehensive range of solutions for 400G and higher bandwidth transceivers and commands a dominant market share in the transceiver segment. For CPO applications, its Silicon Photonics ("SiPh") solutions have best-in-class placement accuracy and a highly flexible system capable of handling multiple bonding processes.

This combination of demand growth, and both market and technology leadership saw its Photonics solutions win repeat orders from leading AI players in 2023. This order momentum is expected to continue in 2024.

#### Advanced Display: Seeing 'Green Shoots'

The Group's advanced display tools encompass both Mini and Micro LED applications.

While 2023 began slowly for its Mini LED solutions as customers held back investments due to weak consumer sentiment, there was some traction and order flow later in the year. This momentum is expected to continue into 2024 with improving sentiment and HVM potential of RGB displays for seamless, high-resolution indoor video walls. Its Mini LED solutions are well-positioned to capitalise on this demand growth with their ultrafine pitch capabilities.

Its Micro LED solutions have been progressing steadily toward mass market adoption across diverse applications including smartwatch and automotive. ASMPT is the first tool provider to win orders in Micro LED for smartwatch applications. It also won orders in automotive smart headlamps for high-end vehicles, and is engaging top automotive players as demand for such headlamps continues to grow.

#### SMT Placement: Traction with Next Generation AP Tools

The Group is engaging customers with its next generation AP tools that have higher placement accuracy, multi-die picking capabilities, and the ability to pick dies directly from the wafer for better performance. These tools are gaining traction for SiP, wafer level fan-out and embedded substrate applications, and SMT expects more orders for these AP tools in 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## GROUP BUSINESS REVIEW (CONTINUED)

### Investing for the Future

Despite the downturn, the Group continued to prioritise investment in areas of key strategic importance, such as R&D and infrastructure, so as to prepare well for future opportunities. These are expected to incur additional operating expenditure of around HK$250 million for 2024.

With the wealth of AP developments described above, the Group firmly believes that AP is a strategic growth area with significant potential and has prioritised R&D resources and capacity investments to strengthen its leading position.

The Group has also embarked on large scale system rollouts globally to focus on people development, IT, ERP and other operational areas, and it expects to step up its investments in these areas in 2024. Over time, these efforts will make the company more productive and agile as it navigates a more dynamic external operating environment.

### Group Financial Review

| (in HK$ million) | Q4 2023 | QoQ | YoY | FY 2023 | YoY |
|---|---|---|---|---|---|
| Bookings | 2,736.1 (US$349.8 million) | −7.6% | −12.2% | 12,259.7 (US$1,565.9 million) | −33.5% |
| Revenue | 3,404.7 (US$435.4 million) | −2.0% | −21.4% | 14,697.5 (US$1,876.8 million) | −24.1% |
| Gross Margin | 42.3% | +812 bps | +87 bps | 39.3% | −186 bps |
| Operating Margin | 5.5% | +356 bps | −825 bps | 7.5% | −920 bps |
| Adjusted Net Profit | 76.5 | +68.4% | −71.3% | 744.9 | −71.5% |
| Adjusted Net Profit Margin | 2.2% | +94 bps | −391 bps | 5.1% | −845 bps |

### FY 2023 Group Financial Review

The Group's performance was impacted by SEMI in a challenging downcycle year. It delivered full-year revenue of HK$14.70 billion (US$1.88 billion), a decline of 24.1% YoY. SEMI's revenue declined 37.0% YoY, while SMT declined 10.0% and contributed about 57% of Group revenue. This highlights the advantage of its broad-based portfolio as its two segments follow different business cycles and shielded it to a certain extent in downcycles.

Here are some highlights from an end-market perspective:

(i) The Automotive market continued to be the highest contributor to Group revenue at approximately 22%. Even in the face of some market softness, the Group's comprehensive range of Automotive solutions and its engagements with a growing base of customers helped this end market maintain its strong revenue contribution.

(ii) The Industrial market also witnessed some weakness, but its percentage contribution remained stable, contributing to about 16% of Group revenue. It was also the highest contributor to SMT's performance, benefitting from structural trends towards intelligent factories, greener infrastructure, enhanced automation, and digitalization.

(iii) The Consumer, Communication and Computing markets continued to experience softness owing to weak consumer sentiment.

In terms of geographical breakdown, China (including Hong Kong) continued to witness a YoY decline in revenue and its share of Group revenue dropped from 42% to 31%. This decline was partially offset by YoY revenue growth from Europe and the Americas, with Europe's share of Group revenue increasing from 18% to 28%, and from 12% to 18% for the Americas. In 2023, the Group continued to experience a low degree of customer revenue concentration, with its top five customers accounting for about 17% of total revenue.

## GROUP BUSINESS REVIEW (CONTINUED)

### FY 2023 Group Financial Review (Continued)

In line with weak industry conditions, Group bookings declined by 33.5% YoY to HK$12.26 billion (US$1.57 billion). SEMI witnessed a decline of 39.7% YoY in bookings due to the semiconductor downcycle. As SMT normalised in the second half of the year, segment bookings for the second half of the year were impacted, thus bookings for 2023 declined 27.7% YoY. In terms of end markets, combined bookings from AP, Automotive and Industrial remained stable at about 60% of Group bookings for 2023. The Group ended the year with a backlog of HK$6.61 billion (US$846.1 million), and a book-to-bill ratio of 0.83.

Group gross margin was 39.3%, down 186 bps, mainly due to SEMI, while SMT witnessed gross margin growth due to a favourable product mix.

In a downcycle year, the Group continued its cost control and efficiency-enhancing initiatives, which included the reduction of non-essential travel and entertainment, sensible hiring measures, and targeted headcount reduction.

Group operating margin declined by 920 bps YoY to 7.5% due to lower sales volumes and reduced gross margin.

In line with reduced revenue and operating margin, the Group's adjusted net profit declined 71.5% YoY to HK$744.9 million.

The Group continued to have a robust balance sheet and recorded strong cash and bank deposits of HK$4.80 billion at end 2023 (2022 end: HK$4.42 billion). Net cash was at a record level of HK$2.80 billion at the end of 2023 (2022 end: HK$2.17 billion).

### Q4 2023 Group Financial Review

Group revenue of HK$3.40 billion (US$435.4 million) was marginally higher than the mid-point of revenue guidance previously issued. It was a decline of 2.0% QoQ and 21.4% YoY.

It delivered bookings of HK$2.74 billion (US$349.8 million), down 7.6% QoQ due to general seasonality. Bookings declined 12.2% YoY mainly due to SMT.

Group gross margin increased 812 bps QoQ to 42.3% due to Q3's exceptionally low gross margin and a better product mix for both SEMI and SMT. It improved 87 bps YoY, mainly driven by SMT.

Group operating margin improved 356 bps QoQ to 5.5% as Q3's operating margin was impacted by low Q3 gross margin. Operating margin declined 825 bps YoY, mainly due to lower sales volume and lower gross profit.

In line with improved operating margin, Group adjusted net profit was HK$76.5 million, up 68.4% QoQ but down 71.3% YoY.

### Semiconductor Solutions Segment Financial Review

| (in HK$ million) | Q4 2023 | QoQ | YoY | FY 2023 | YoY |
|---|---|---|---|---|---|
| Bookings | 1,243.1<br>(US$158.9 million) | −6.2% | +10.5% | 5,340.4<br>(US$682.1 million) | −39.7% |
| Revenue | 1,594.2<br>(US$203.9 million) | +1.2% | −15.3% | 6,365.1<br>(US$812.9 million) | −37.0% |
| Gross Margin | 43.8% | +1,187 bps | −66 bps | 40.9% | −375 bps |
| Segment Profit/(Loss) | 0.9 | NM | −99.2% | (44.1) | NM |
| Segment Profit Margin | 0.1% | +708 bps | −600 bps | −0.7% | −1,705 bps |

NM: Not meaningful

## GROUP BUSINESS REVIEW (CONTINUED)

### Semiconductor Solutions Segment Financial Review (Continued)

SEMI registered a slight increase in revenue of 1.2% QoQ to HK$1.59 billion (US$203.9 million) in Q4 2023. Revenue was down 15.3% YoY in line with industry weakness.

Revenue performance for each of SEMI's Business Units ("BU"s) was driven by the following developments within each of the BUs:

(i) IC/Discrete BU had a stable revenue contribution QoQ, with the highest contribution from TCB.

(ii) Optoelectronics BU registered a small QoQ revenue growth. Its advanced tools serving SiPh and Photonics applications combined grew in revenue and contributed the most to BU revenue.

(iii) CIS BU revenue continued to be adversely impacted by ongoing weakness in the global smartphone market.

SEMI recorded Q4 2023 bookings of HK$1.24 billion (US$158.9 million), down 6.2% QoQ mainly due to seasonality. However, quarterly bookings in 2023 declined at a slower rate YoY for the first three quarters, turning positive in Q4 2023. Bookings improved 10.5% YoY in Q4 2023 mainly fuelled by growth in AP bookings.

SEMI's gross margin performance of 43.8% for Q4 2023 was mainly due to a favourable product mix, with AP and Automotive contributing the most to revenue. Gross margin increased 1,187 bps QoQ due to Q3 2023 gross margin being exceptionally low. It was down marginally by 66 bps YoY.

Segment profit was HK$0.9 million in Q4 2023.

### SMT Solutions Segment Financial Review

| (in HK$ million) | Q4 2023 | QoQ | YoY | FY 2023 | YoY |
|---|---|---|---|---|---|
| Bookings | 1,493.1<br>(US$190.9 million) | −8.7% | −25.0% | 6,919.3<br>(US$883.8 million) | −27.7% |
| Revenue | 1,810.5<br>(US$231.5 million) | −4.7% | −26.0% | 8,332.4<br>(US$1,063.9 million) | −10.0% |
| Gross Margin | 41.0% | +493 bps | +188 bps | 38.1% | +73 bps |
| Segment Profit | 266.6 | +3.3% | −49.4% | 1,432.9 | −21.5% |
| Segment Profit Margin | 14.7% | +115 bps | −679 bps | 17.2% | −252 bps |

SMT continued to deliver higher revenue than SEMI for a sixth consecutive quarter in Q4 2023, making up 53.2% of Group revenue. Revenue of HK$1.81 billion (US$231.5 million) was a decline of 4.7% QoQ and 26.0% YoY. Even though the Industrial and Automotive end markets saw some weakness towards the second half, both of them combined still contributed the most to segment revenue for the quarter.

As automotive and industrial end-markets normalised, segment bookings declined 8.7% QoQ and 25.0% YoY in Q4 2023 to HK$1.49 billion (US$190.9 million).

Segment gross margin improved to 41.0% in Q4 2023, up 493 bps QoQ and 188 bps YoY, with this improvement mainly due to a favourable product mix.

Segment profit was HK$266.6 million in Q4 2023, a slight improvement of 3.3% QoQ, and down 49.4% YoY mainly due to lower sales volume.

## OUTLOOK

The Group expects Q1 2024 revenue to be between US$370 million to US$430 million, representing a decline of 20.0% YoY and 8.1% QoQ at mid-point. The decline is mainly due to lower revenue from SMT as its bookings began to soften in the second half of 2023.

Many experts anticipate that the semiconductor industry will recover in 2024. This could in turn fuel the next multi-year industry upcycle and the Group remains optimistic about its prospects as it taps this longer-term industry optimism with its unique broad-based portfolio. The Group's confidence is further supported by long-term structural trends from automotive electrification, smart factories, green infrastructure, 5G/6G, IoT, and AI growth across cloud, datacentre, and AI edge devices. On a broader level, these structural trends are also moving in tandem with a sustained increase in two key areas: increased capex spend from nations securing their supply chains via more onshoring, and organisations preparing themselves to deal with more dynamic global supply chains to support an increasingly digitally-connected world.

## COMMITMENT TO RESEARCH AND DEVELOPMENT ("R&D")

With a global workforce of more than 2,500, the Group operates several R&D centres worldwide across Asia, Europe and the Americas. It has a longstanding practice of annually allocating a significant portion of its financial resources for R&D. In 2023, it invested about HK$2.05 billion (2022: HK$2.03 billion) in R&D. As of 31 December 2023, the Group has delivered over 2,000 patents and patent applications.

This continued commitment to investing in R&D across industry cycles is critical in enabling ASMPT to remain at the forefront of technology development, positioning it well to capitalize on the technological breakthroughs required to tap secular growth opportunities and create value for customers and shareholders.

### A Unique Competitive Advantage

The Group's R&D framework consists of developing robust R&D infrastructure and capabilities to effectively enable and support innovation across the whole Group, providing it with a unique competitive advantage.

The R&D team is able to rapidly harness the potential of dynamic technology developments, its technology experts efficiently connecting and collaborating with other technology leaders on advanced developments for the Group's applications. This provides some significant capabilities for the Group, such as timely delivery of innovative solutions for both mainstream and advanced packaging, and the ability to regularly bring 'cutting-edge' solutions to customers at a much faster pace than the competition.

One of the R&D team's key focus is on building core competencies in five key areas: mechanical, motion, electrical, software, and vision capabilities. These drive technology development and support product development in the design and manufacturing stages. They collectively address a broad array of critical technologies that include advanced motor, advanced process & platform, metrology, motion system & control, precision design, AI & software systems, thermal & fluid control, vibration control, and vision & optical technology.

'Pathfinding' is another key R&D role that helps reduce the number of viable design options available in the face of increasingly complex semiconductor device structures and shrinking structural dimensions that are making design of next-generation components ever more complex, challenging and time-consuming. One example of this is the current focus on R&D in advanced motion control and AI vision to enhance the impact of AI on overall machine performance. Developments in such pathfinding technology — done in collaboration with renowned universities — are helping to improve performance, accuracy, learning, adaptive AI usage, anomaly detection, and model-based system engineering competency.

The Group remains confident that its R&D team will continue to master the intricacies of the technology used in its products for further innovation and breakthrough, while balancing this with cost of ownership and other key operational criteria.

## LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank deposits as of 31 December 2023 was HK$4.80 billion (2022: HK$4.42 billion). During 2023, HK$1.04 billion was paid as dividends (2022: HK$1.61 billion). Capital additions during the year amounted to HK$444.1 million (2022: HK$463.1 million), which was fully funded by Company's operating cash flow.

As of 31 December 2023, the debt-to-equity ratio was 0.127 (2022: 0.142). Debts include all bank borrowings. The Group had available banking facilities of HK$5.92 billion (US$758.0 million) (2022: HK$3.41 billion (US$437.1 million)) in the form of bank loans and overdraft facilities, of which HK$3.58 billion (US$458.5 million) (2022: HK$1.86 billion (US$238.5 million)) were committed borrowing facilities. Bank borrowings, which are mainly arranged 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 31 December 2023 (2022: HK$2.25 billion), consisting of variable-rate syndicated loan. The syndicated loan is repayable by instalments till 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 (2022: HK$1.75 billion) of the syndicated loan from variable rates to fixed rates. The Group has successfully re-financed its outstanding syndicated loan in February 2024. The Group's equity attributable to owners of the Company was HK$15.69 billion (2022: HK$15.74 billion) as at 31 December 2023.

As of 31 December 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 Solutions Segment 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 of 31 December 2023, 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. Information pursuant to paragraph 32(4A) of Appendix D2 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 is as follows:

| | | |
|---|---|---|
| (i) | Details of the investment in AAMI: | 4,444 ordinary shares in AAMI, representing 44.44% equity interests in AAMI. The carrying value of the Group's investment in AAMI is HK$1,521 million |
| (ii) | Fair value of the investment in AAMI: | HK$1,731 million |
| (iii) | The investment's size relative to the Group's total assets: | 6.3% |
| (iv) | The performance of the investment in AAMI: | For the year ended 31 December 2023, the share of results of AAMI was HK$11 million, and no dividend was received from AAMI |
| (v) | Principal activity of AAMI and its subsidiaries: | Manufacturing and trading of materials products |
| (vi) | The Group's investment strategy: | Long-term investment in the materials business |

## HUMAN RESOURCES

The Group places significant value on its global workforce and consistently introduces and enhances a range of human resource ("HR") initiatives to foster a positive and inclusive work culture and employee experience. These include areas such as employee engagement and recognition; talent development and succession planning; employee digital experience; and diversity, equity & inclusion (DEI), for the growth and well-being of its employees.

Here are the highlights of key initiatives for 2023:

### Employee Engagement & Recognition

To gain deeper insights into employee needs, the Company has conducted its inaugural Global Employee Engagement Survey, named 'ENGAGE'. The survey has achieved an impressive participation rate of approximately 90% worldwide. It has analysed the survey results and will put in place action plans for 2024. These underscore ASMPT's commitment to develop an engaging and high-performing organization.

The Company has also introduced its first Global Employee Recognition Program called 'SPARK' that features four distinct categories covering Business Performance, Engineering Innovation, Quality Excellence, and the Company's POWER values. SPARK will serve as a platform to recognize and celebrate the diverse talents and achievements within ASMPT.

### Talent Development & Succession Planning

Efforts here highlight ASMPT's strategic vision to ensure its future growth and sustainability. Following a structured review of succession planning for Director-level employees and above, ASMPT has partnered with an external consulting company to establish an ASMPT Development Centre to provide future leaders with a rigorous assessment of their leadership development needs. The HR team worked with internal stakeholders to systematically identify and assess a potential talent pool of future ASMPT leaders. This initial cohort successfully completed the required assessments at the Development Centre, marking a significant milestone in systematically nurturing ASMPT's future leaders.

### Digital Experience

ASMPT has successfully rolled out its first Global People System (GPS), which greatly improves productivity and the overall digital experience for its employees worldwide. The GPS has a particular emphasis on enhancing self-service management, engagement, growth, and development. GPS rollout has been completed for Asia and the Americas in 2023, and plans are underway to extend its deployment to Europe and to enhance the system's functionalities in 2024.

### Diversity, Equity & Inclusion ("DEI")

The Company's emphasis on DEI initiatives took a further step forward with the launch of various 'ASMPT Women's Chapters' across the world, where female employees can connect, share, and support one another in their professional journeys. These Chapters are a significant step towards promoting gender diversity and inclusion within the Company. ASMPT firmly believes that empowering women and fostering inclusivity will create a more diverse, equitable and dynamic work environment that can contribute to the Company's success.

These various developments highlight ASMPT's continued commitment to bring out the best in people and to create a 'best place to work'.

As of 31 December 2023, the total headcount for the Group was about 10,800, excluding about 500 flexi workers and outsourced workers. Of the 10,800, approximately 900 were based in Hong Kong, 5,100 in mainland China, 1,000 in Singapore, 1,100 in Germany, 800 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 2023 was HK$5.02 billion (2022: HK$5.22 billion). ASMPT continues its commitment to fairly remunerate its employees and adopts a prudent and calibrated approach towards managing overall manpower costs.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

The Group is working towards being an industry leader in reducing its carbon footprint and has dedicated itself to achieving net zero Scope 1 & 2 emissions by 2035. Additionally, to reduce emissions throughout the semiconductor value chain, ASMPT is a Leadership Level Founding Member of the Semiconductor Climate Consortium ("SCC"), leading SCC's working group that focused on increasing low-carbon energy access and availability globally.

DEI is ASMPT's top social priority, with a current focus on increasing gender diversity. As part of the Company's governance framework, effective climate risk identification and management protocols safeguard the interests and long-term sustainability of its business.

More details on ASMPT's sustainability efforts and achievements are highlighted in the 2023 ESG Report that was released simultaneously with the Company's 2023 Annual Report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has a diversified portfolio of business operations across the world. Any failure to address or cope with relevant requirements may result in non-compliance with local laws or regulations, leading to not only financial loss but also reputational damage to ASMPT. In order to mitigate any relevant risks, it actively assesses the effects of global trends and developments. It also engages closely with regulatory authorities and external advisors on new laws and regulations as well as trending legislations, to ensure that the relevant requirements are properly complied with in a timely and effective manner.

## RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES

For review of financial performance, the Group has provided adjusted net profit and adjusted earnings per share which are supplementary to the Group's consolidated results in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Group believes that these additional figures provide our shareholders and investors with useful supplementary information about our ongoing operating performance and facilitates the analysis and comparison of financial trends and results between periods. The adjusted net profit and adjusted earnings per share exclude the impact of restructuring costs which were mainly related to employee severance and benefit arrangements.

The use of these non-HKFRS measures may have certain limitations as a tool for analysis and comparison. Shareholders and investors are advised not to consider these non-HKFRS measures in isolation from, or as a substitute for analysis of, the Group's financial performance as reported under HKFRS. Also, please note that these non-HKFRS measures may be defined differently from similar terms used by other companies.

The following tables highlight the reconciliations of the Group's financial measures prepared in accordance with HKFRS for Q4 2023, Q3 2023 and FY 2023 to the non-HKFRS measures.

| | Three months ended 31 December 2023 | | | |
|---|---|---|---|---|
| | | Non-HKFRS adjustments | | |
| | As reported HK$'000 (unaudited) | Restructuring costs HK$'000 (unaudited) | Income tax effect HK$'000 (unaudited) | Adjusted HK$'000 (unaudited) |
| Profit for the period | **75,679** | **1,110** | **(334)** | **76,455** |
| Net Profit Margin | **2.2%** | | | **2.2%** |
| Profit attributable to owners of the Company | **75,351** | **1,110** | **(334)** | **76,127** |
| Basic earnings per share | **HK$0.18** | | | **HK$0.18** |

## RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES (CONTINUED)

| | Three months ended 30 September 2023 | Non-HKFRS adjustments | | |
|---|---|---|---|---|
| | As reported HK$'000 (unaudited) | Restructuring costs HK$'000 (unaudited) | Income tax effect HK$'000 (unaudited) | Adjusted HK$'000 (unaudited) |
| Profit for the period | 12,753 | 40,444 | (7,785) | 45,412 |
| Net Profit Margin | 0.4% | | | 1.3% |
| Profit attributable to owners of the Company | 14,626 | 40,444 | (7,785) | 47,285 |
| Basic earnings per share | HK$0.04 | | | HK$0.11 |

| | **Year ended 31 December 2023** | **Non-HKFRS adjustments** | | |
|---|---|---|---|---|
| | **As reported HK$'000 (audited)** | **Restructuring costs HK$'000 (unaudited)** | **Income tax effect HK$'000 (unaudited)** | **Adjusted HK$'000 (unaudited)** |
| Profit for the year | **711,501** | **41,554** | **(8,119)** | **744,936** |
| Net Profit Margin | **4.8%** | | | **5.1%** |
| Profit attributable to owners of the Company | **715,353** | **41,554** | **(8,119)** | **748,788** |
| Basic earnings per share | **HK$1.73** | | | **HK$1.82** |

*Note:* There is no corresponding item to be adjusted for the non-HKFRS measures applicable to the Group's results for Q4 2022 and year ended 31 December 2022.

# DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its principal subsidiaries are engaged in the design, manufacture and marketing of machines and tools used in the semiconductor and electronic assembly industries. Details of the Company's principal subsidiaries as at 31 December 2023 are set out in note 47 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The Directors recommend the payment of a final dividend of HK$0.26 and a special dividend of HK$0.52 (2022: final dividend of HK$1.90) per share which, together with the interim dividend of HK$0.61 (2022: interim dividend of HK$1.30) per share paid during the year, amounts to a total dividend of HK$1.39 (2022: HK$3.20) per share for the year.

Details of the results and the financial position of the Group are set out in the consolidated financial statements on pages 59 to 163.

## BUSINESS REVIEW

A review of the business of the Group during the year, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development, and a description of possible risks and uncertainties that the Group may face are provided in the Chairman's Statement and Management Discussion and Analysis on pages 5 to 8 and pages 9 to 21 of the annual report respectively. The financial risk management objectives and policies of the Group can be found in note 44 to the consolidated financial statements. In addition, discussions on the Group's environmental policies, relationships with its key stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are also contained in the Management Discussion and Analysis on pages 9 to 21 of the annual report.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 164 of the annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

## SHARE CAPITAL

During the year ended 31 December 2023, a total of 2,001,100 shares were issued at par under the Company's Employee Share Incentive Scheme (the "Scheme") to an independent professional trustee appointed by the Board under the Scheme (the "Trustee") and to certain employees. Details of the movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Employee Share Incentive Scheme" in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2023.

## BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2023 are set out in note 33 to the consolidated financial statements.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that the Trustee, 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).

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2023, the Company's reserves available for distribution to shareholders amounted to HK$2,020,159,000 (2022: HK$3,136,993,000). In accordance with the Company's Articles of Association, dividends can only be distributed out of profits of the Company.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

*Independent Non-Executive Directors*
Miss Orasa Livasiri, *Chairman*
Mr. John Lok Kam Chong
Mr. Wong Hon Yee
Mr. Eric Tang Koon Hung
Mr. Andrew Chong Yang Hsueh
Ms. Hera Siu Kitwan

*Non-Executive Directors*
Mr. Benjamin Loh Gek Lim
Mr. Paulus Antonius Henricus Verhagen

*Executive Directors*
Mr. Robin Gerard Ng Cher Tat, *Chief Executive Officer of the Group*
Mr. Guenter Walter Lauber, *Chief Strategy Officer and Chief Digitalisation Officer of the Group, and Chairman of the Group's SMT Solutions Segment*

In accordance with Article 113 of the Company's Articles of Association, Mr. John Lok Kam Chong and Mr. Benjamin Loh Gek Lim are due to retire from the Board at the forthcoming annual general meeting to be held on 8 May 2024 (the "2024 AGM"). Mr. John Lok Kam Chong, being eligible, will offer himself for re-election as a Director of the Company pursuant to Article 114 of the Company's Articles of Association. Mr. Benjamin Loh Gek Lim has informed the Board of his intention not to seek re-election as a Director at the 2024 AGM.

## DIRECTORS (CONTINUED)

The biographical details of the Directors as at the date of this report are set out below:

**Miss Orasa Livasiri**, Independent Non-Executive Director and Chairman of the Company, aged 68, was appointed to the Board as an Independent Non-Executive Director in 1994, and became acting Chairman of the Company on 9 May 2016. She was appointed as Chairman of the Company on 2 March 2017. She was a practising solicitor for more than 30 years and retired from the profession in 2012.

**Mr. John Lok Kam Chong**, Independent Non-Executive Director, aged 60, was appointed to the Board as an Independent Non-Executive Director on 9 March 2007. Mr. Lok is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has 20 years of experience in financial management and corporate controllership. Mr. Lok started his career as an auditor in an international accounting firm and then moved to work for some major financial information companies, including Moneyline Telerate (Hong Kong) Ltd. and Dow Jones Telerate. He is currently a Director of FHL & Partners CPA Limited. Mr. Lok holds Dual Degrees in Master in Business Administration and Master of Science in Information Technology from The Hong Kong University of Science and Technology.

**Mr. Wong Hon Yee**, Independent Non-Executive Director, aged 76, was appointed to the Board as an Independent Non-Executive Director on 27 December 2012. Mr. Wong is a chartered engineer and a fellow of the Hong Kong Institution of Engineers. He was the Associate Vice President (Knowledge Transfer) at the City University of Hong Kong prior to his retirement in 2014. Prior to joining City University of Hong Kong, he has been involved in high-tech product design and engineering management in industry for 25 years, over 20 of which were spent at Ampex Ferrotec Ltd., a subsidiary of Ampex Corporation in the USA. He received his Bachelor of Science in Electrical Engineering from the University of Hong Kong in 1969 and Master of Science in Electrical Engineering and Computer Science (EECS) from the University of California, Berkeley in 1971.

**Mr. Eric Tang Koon Hung**, Independent Non-Executive Director, aged 78, was appointed as an Independent Non-Executive Director of the Company on 26 April 2013. He was formerly an Independent Non-Executive Director of the Company for the period from 6 September 2004 to 31 January 2007, and an Executive Director and the Chief Financial Officer of the Company for the period from 1 February 2007 to 1 February 2010. Mr. Tang was also appointed as an Independent Non-Executive Director of EGL Holdings Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 06882) on 13 November 2014. Mr. Tang qualified as a Chartered Accountant in Canada and is a member of the Hong Kong Institute of Certified Public Accountants. He has worked in the fields of manufacturing, banking, and public utilities with some major corporations both in Canada and in Hong Kong. Mr. Tang graduated from the University of Toronto, Canada. He holds a Bachelor degree in Industrial Engineering and a Master degree in Business Administration.

**Mr. Andrew Chong Yang Hsueh**, Independent Non-Executive Director, aged 58, was appointed an Independent Non-Executive Director of the Company on 21 July 2022. He is the Chairman of the Board of Governors of the Institute of Technical Education and serves on the Board of Mapletree Industrial Trust Management Ltd., the Manager for Mapletree Industrial Trust, a real estate investment trust listed on the Main Board of Singapore Exchange. Additionally, he is the Independent Chairman of the Investment Committees of Mapletree Europe Income Trust and Mapletree US Income Commercial Trust. He serves on the Boards of NTUC Health Co-operative Limited and Employment and Employability Institute Pte. Ltd. He has held Board and advisory roles in several technology start-up companies.

He stepped down as Regional President and Managing Director of Infineon Technologies Asia Pacific Pte. Ltd. in 2017 after 30 years in the semiconductor industry. He has served on several Singapore government committees, including, the SkillsFuture Council, the Council for Skills, Innovation and Productivity and the Future Economy Council. Mr. Chong received his Bachelor of Electrical and Electronics Engineering in 1987 and Master of Business Administration in 1993 from the University of Adelaide in South Australia.

## DIRECTORS (CONTINUED)

**Ms. Hera Siu Kitwan**, Independent Non-Executive Director, aged 64, was appointed an Independent Non-Executive Director of the Company on 1 August 2022. She is currently a non-executive director of The Goodyear Tire & Rubber Company (a company listed on Nasdaq Global Select Market), an independent director of Vallourec SA (a company listed on Listed on Euronext in Paris), and a supervisory board member of TeamViewer AG (a company listed in the Prime Standard of the Frankfurt Stock Exchange). Ms. Siu served as an independent non-executive director of Qingdao AInnovation Technology Group Co., Ltd ("AInnovation") before it was listed on the Hong Kong Stock Exchange. She resigned from AInnovation's board in November 2021.

Ms. Siu was previously the Chief Executive Officer, Greater China, for Cisco Systems, Inc., a leading global technology company, from July 2017 until her retirement on 28 September 2020. Prior to that, she served as Chief Operating Officer, Greater China, of Cisco from November 2016 until June 2017. From February 2014 to June 2016, she served as Senior Vice President and Managing Director, Greater China, for Pearson, LLC, a global education company that leverages technology to enhance teaching and learning. Ms. Siu was employed by SAP, a global software and data processing firm, as Senior Vice President and then President, of China and Hong Kong from April 2010 to June 2013, and as Senior Vice President, e-Commerce, Asia Pacific Region, from July 2013 to January 2014. Ms. Siu holds an MBA in Marketing and a Bachelor of Science in Finance from the University of Nevada, Reno.

**Mr. Benjamin Loh Gek Lim**, Non-Executive Director, aged 60, was appointed as a Non-Executive Director of the Company on 19 May 2020. He is the Chief Executive Officer, President and Chairman of the Management Board of ASM International N.V. ("ASM International"). Mr. Loh has a proven background in the high tech industry. From the late nineties until 2005, he worked for Oerlikon Corporation, lastly as Senior Vice President responsible for Asia. After that, he joined Veeco Instruments Inc. where his last position was the Executive Vice President responsible for Global Field Operations. He then moved to FEI Company in 2007 where he held various executive positions and ultimately became its Chief Operating Officer. In 2015, he joined the Swiss-based VAT Vacuum Valves company where, as Group Management Board member, he was responsible for worldwide sales and marketing until late 2017.

**Mr. Paulus Antonius Henricus Verhagen** (also known as "Mr. Paul Verhagen"), Non-Executive Director, aged 58, was appointed as a Non-Executive Director of the Company on 18 May 2021. He is a member of the Management Board of ASM International and its Chief Financial Officer with effect from 1 June 2021. He has a proven track record and background in Dutch listed companies and the electronics industry. He had an extensive career within Royal Philips starting in the early nineties and fulfilled numerous executive positions in the Netherlands, the USA, Hong Kong and China until 2013. His last two assignments at Royal Philips from 2007 until 2013 were as Executive Vice President and Chief Financial Officer of Philips Consumer Lifestyle, and Executive Vice President and Chief Financial Officer of Philips Lighting. Since 2014, he has been the Chief Financial Officer and a member of the Management Board of the Dutch stock market listed company Fugro N.V. until he stepped down at the end of the annual general meeting of Fugro N.V. on 22 April 2021. Mr. Verhagen is a supervisory board member of Delft University of Technology and football club PSV Eindhoven the Netherlands. He is a Dutch national and holds a master in Business Administration and a post graduate degree as Chartered Controller.

**Mr. Robin Gerard Ng Cher Tat**, Executive Director, aged 60, was appointed the Chief Executive Officer of the Group on 12 May 2020. He has been on the Board as an Executive Director since 28 April 2011. He was the Chief Financial Officer of the Group from 1 February 2010 until his appointment as the Chief Executive Officer of the Group. Mr. Ng holds a Bachelor of Accountancy from the National University of Singapore and a Master of Laws (Commercial Law) from the University of Derby, the United Kingdom. Mr. Ng has more than 30 years of experience in finance, audit and accounting. He is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

**Mr. Guenter Walter Lauber**, Executive Director, aged 62, was appointed as an Executive Director of the Company on 12 May 2020. He is also an Executive Vice President, Chief Strategy Officer and Chief Digitalisation Officer of the Group and Chairman of the Group's SMT Solutions Segment. Mr. Lauber has over 20 years of working experience in the SMT equipment industry. In 2007, Mr. Lauber took charge of the SMT business that was subsequently acquired by the Group in 2011. He joined the Group following the acquisition. He has a degree in Electrical Engineering (Dipl-Ing. FH) from the Fachhochschule Augsburg (Augsburg University of Applied Sciences), Germany.

## SENIOR MANAGEMENT

As at the date of this report, the Group's senior management team includes, other than the Executive Directors, the following persons. Their biographical details are as follows:

**Mr. Wong Yam Mo**, aged 64, is an Executive Vice President and Chief Technical Officer of the Group. He joined the Group in 1983. Mr. Wong has a Bachelor of Science degree in Mechanical Engineering and a Master's degree in Industrial Engineering, both from the University of Hong Kong. He also holds a Master's degree in Precision Engineering from the Nanyang Technological University, Singapore.

**Mr. Lim Choon Khoon**, aged 64, is a Senior Vice President of the Group, Co-Chief Executive Officer of the Semiconduction Solutions Segment and Chief Executive Officer of the Group's ICD & CIS Business Group in the Semiconductor Solutions Segment. Mr. Lim started his career with US semiconductor companies in engineering and manufacturing roles before joining the Group in Malaysia and was posted to Hong Kong and Singapore, where he spent most of his career with the Group, interjected by a decade away in Philips in various global management roles. Mr. Lim re-joined the Group in July 2006 with increasing responsibilities over time, which culminated in his current role. He holds a Bachelor of Science (Honours) in Production Engineering and Production Management from the University of Nottingham, UK.

**Mr. Joseph Poh Tson Cheong**, aged 56, is a Senior Vice President of the Group, Co-Chief Executive Officer of the Semiconduction Solutions Segment and Chief Executive Officer of the Group's Opto & Display Business Unit in the Semiconductor Solutions Segment. He joined the Group in 1991 as a Service Engineer and was promoted to the Senior Vice President position in January 2016. Mr. Poh graduated from The University of Sydney, Australia in 1989 with a Degree in Mechanical Engineering. He received a Master's Degree in Engineering Business Management from the University of Warwick, England in 1999. For the past 32 years that he has been with the Group, he has held various positions in its IC, CIS, SMT Solutions and Opto Business Units.

**Mr. Kong Choon, Jupiter**, aged 55, is Group General Counsel and Company Secretary of the Company. In particular, he oversees the Group's legal, company secretarial, intellectual property and compliance functions, and is also the company secretary of the Company's subsidiaries in Singapore and certain other countries. He joined the Group in August 2001. Mr. Kong graduated from the University of London with a bachelor of laws degree and qualified as a Barrister-at-Law (Middle Temple) of England and Wales. He is an Advocate and Solicitor of the Supreme Court of Singapore, an associate member of the Singapore Association of the Institute of Chartered Secretaries and Administrators, as well as a registered Singapore Patent Agent. Prior to joining the Group, Mr. Kong was in legal practice at a leading Singapore law firm.

**Ms. Katie Xu Yifan**, aged 50, is a Senior Vice President and Chief Financial Officer of the Group. Ms. Xu holds a Bachelor of Economics, International Business Administration degree from the University of International Business and Economics in China, and a Master of Business Administration, Finance degree from the Thunderbird School of Global Management in the USA. Ms. Xu has 25 years of experience as a finance professional, with roles in both Finance and Investor Relations across technology, industrial and human capital services industries.

## SENIOR MANAGEMENT (CONTINUED)

**Ms. Pua Gim Wee**, aged 56, is Senior Vice President and Chief People Officer of the Group. She leads the Group's Global Human Resources Strategy. Ms. Pua holds a Bachelor of Science degree from the National University of Singapore majoring in Mathematics and Economics, and a MBA from the University of Adelaide. She has nearly 30 years of broad and diverse human resource experiences at country, regional and global levels spanning various industries including FMCG, Financial, Food and Beverage, IT and Automation. During her career, she has held varied roles overseeing transformation and change activities, and helped organisations build talent and culture, develop leaders, and improve on HR effectiveness and efficiency. She has also worked abroad in Europe and taken a stint in Sales and Development role.

**Mr. Josef Heinrich Ernst**, aged 54, has been appointed as the Chief Executive Officer of the Group's SMT Solutions Segment in May 2023. Prior to this, he served as the Chief Operating Officer for the SMT Solutions Segment, and is also a member of the Group's Executive Committee.

As a Senior Vice President of the Group, Mr. Ernst has extensive experience across the Group's SMT Solutions in various global management roles and deep industry knowledge of the SMT business. He began his career at the Group's SMT Solutions in quality management and the SCM Sector, where he played a crucial role in setting up the SMT factory in Singapore. Subsequently, he was in charge for research and development and moved later to the sales and service sector. He has a degree in Electrical Engineering/Communication Technology (Dipl-Ing.) from the Technischen Hochschule Regensburg (Technical University Regensburg), Germany.

## EMPLOYEE SHARE INCENTIVE SCHEME

The Company has adopted 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 (the "2019 AGM"), 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. As at the date of this report, the remaining life of the Scheme is approximately six (6) years.

Pursuant to the Scheme, the Board may from time to time cause the Trustee to be paid certain amounts for (i) subscription of new shares of the Company for selected employees who are not connected persons of the Company and/or (ii) purchase of existing shares of the Company at the prevailing market price for selected employees who are connected persons of the Company, and the Trustee will hold the shares on trust for award to the selected employees under the Scheme upon vesting. The Trustee shall not exercise the voting rights in respect of any shares held under the trust of the Scheme.

The Board shall have absolute discretion to determine any vesting conditions as it sees fit, and to specify the date on which the shares shall vest in selected employees. On the vesting date, if the vesting conditions are fulfilled, the Trustee shall vest the relevant shares in the selected employees. Any shares not vested on the vesting date shall become returned shares for the purposes of the Scheme.

The Company may issue and allot new shares from time to time to selected employees who are not connected persons of the Company during the term of the Scheme, up to a total of 40,667,133 shares (being 10% of the number of shares in issue as at the date of approval of the scheme mandate at the 2019 AGM), provided that no more than 2% of the number of shares in issue at the commencement of a calendar year may be subscribed for pursuant to the Scheme in each calendar year. As at the date of this report, the total number of shares available for issue under the Scheme is 30,828,033 shares, representing 7.44% of the number of shares in issue. The maximum number of shares which may be awarded to a selected employee under the Scheme shall in no circumstances exceed more than 10% of the aggregate number of shares subscribed for or purchased thereunder for the benefit of all selected employees. No purchase price is payable for the shares awarded pursuant to the Scheme.

## EMPLOYEE SHARE INCENTIVE SCHEME (CONTINUED)

During the year ended 31 December 2023, (i) 2,001,100 new shares were issued for the selected employees who were not connected persons of the Company, and (ii) 361,500 existing shares of the Company were purchased at the prevailing market price for the selected employees who were connected persons of the Company, including the two Executive Directors of the Company as at 31 December 2023, namely, Mr. Robin Gerard Ng Cher Tat and Mr. Guenter Walter Lauber. As at 31 December 2023, there were 3,600 shares held under in trust under the Scheme (excluding shares vested but not yet transferred to awardees).

In connection with the year ending 31 December 2024, the total number of shares in issue on 1 January 2024 was 414,505,433 shares, the maximum aggregate number of shares that may be subscribed for by the Trustee pursuant to the Scheme for the aforesaid year (being 2% of the total number of shares in issue at the commencement of the financial year) is therefore 8,290,108 shares. Assuming that the said 8,290,108 shares are subscribed in full and granted to selected employees on the date of this report, there will be a dilution effect on the shareholdings of the shareholders of 2%.

Assuming that the expected dividends during the year ending 31 December 2024 are the same as the dividends paid during the year ended 31 December 2023, employee costs estimated to be up to HK$622,918,715 (being the fair value of the shares issued, i.e. the closing price of the shares on the date of grant (assuming the closing price to be as at the date of this report) less expected dividends during the vesting periods multiplied by the maximum number of shares that may be issued) will be incurred for the year ending 31 December 2024.

### Details of the shares awarded in 2023

| | No. of issued shares | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Unvested as at 1 January 2023 | Date of Award | Closing price immediately before the date of award | Awarded during the year | Lapsed during the year | Cancelled during the year | Vested during the year | Unvested as at 31 December 2023 | Vesting period |
| **Executive Directors** | | | | | | | | | |
| • 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 |
| **Other Selected Employees** | — | 30 March 2023 | HK$77.95 (29 March 2023) | 2,264,300 | 86,400 | — | 2,177,900 | — | 30 March to 15 December 2023 |

## EMPLOYEE SHARE INCENTIVE SCHEME (CONTINUED)

### Details of the shares awarded in 2023 (Continued)

*Notes:*

1. No purchase price is payable for the shares awarded under the Scheme.

2. The weighted average closing price of the shares on 14 December 2023 (immediately before the vesting date of 15 December 2023 on which all the awarded shares were vested) was HK$77.650.

3. The number of shares available for grant under the Scheme mandate at the beginning and the end of the year ended 31 December 2023 were 33,188,633 shares and 30,828,033 shares respectively.

4. During the year ended 31 December 2023, 1,999,100 shares, which were awarded on 30 March 2023, were issued and vested on 15 December 2023. The said shares represented approximately 0.48% of the Company's weighted average number of shares in issue during the year.

5. During the year, the shares to be awarded to each employee, including Executive Directors and the senior management, are determined by having regard to factors such as his/her position, experience, years of service and contributions and performance in the Group during the preceding year. The Remuneration Committee believes that the awarded shares align the interests of the employees with those of the Group through the ownership of shares, dividends and other distributions paid on the shares and/or the increase in value of the shares, and to encourage and retain the employees to make contributions to the long-term growth and profits of the Group. To promote retention, the vesting conditions and the terms of the Scheme have further provided for lapsing of the awarded shares if the employees cease to be employees prior to the vesting date.

Further details of the Scheme are set out in note 35 to the consolidated financial statements.

## 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 31 December 2023 as recorded in the register that is kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and 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 | 0.14% |
| Guenter Walter Lauber | Beneficial owner | 167,900 | 0.04% |

Save as disclosed above, as at 31 December 2023, none of the Directors, chief executives of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those rights described under the section headed "Employee Share Incentive Scheme", none of the Directors or chief executives or their spouses or children under the age of 18 had any right to subscribe for shares in the Company or had exercised any such right during the year. At no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 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:

| | | Long positions | |
|---|---|---|---|
| Name of shareholder | Capacity | Number of shares held | Percentage of shareholding in the Company *(Note 5)* |
| ASM International N.V. | Interest of a controlled corporation | 103,003,000 (L) *(Note 2)* | 24.85% (L) |
| ASM Pacific Holding B.V. | Beneficial owner | 103,003,000 (L) *(Note 2)* | 24.85% (L) |
| FIL Limited | Interest of controlled corporations | 41,208,068 (L) *(Note 3)* | 9.94% (L) |
| Pandanus Associates Inc. | Interest of a controlled corporation | 41,208,068 (L) *(Note 3)* | 9.94% (L) |
| Pandanus Partners L.P. | Interest of a controlled corporation | 41,208,068 (L) *(Note 3)* | 9.94% (L) |
| Brown Brothers Harriman & Co. | Agent | 33,311,181 (L) *(Note 4)* | 8.04% (L) |
| | | 33,311,181 (P) | 8.04% (P) |
| Fidelity Funds | Beneficial owner | 29,634,300 (L) | 7.15% (L) |
| FMR LLC | Beneficial owner | 20,680,922 (L) | 4.99% (L) |

*Notes:*

1. (L) — Long Position, (P) — Lending Pool
2. 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.
3. 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.
4. 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).
5. The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2023, being 414,505,433 shares.

Save as disclosed above, as at 31 December 2023, according to the register of interests 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.

## CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No connected transaction (defined under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) has been entered into by the Group during the year. None of the related party transactions as disclosed in note 46 to the consolidated financial statements constituted a discloseable connected transaction as defined under Chapter 14A of the Listing Rules.

Save as disclosed above, no transactions, arrangements or contracts of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' SERVICE CONTRACTS

No Director of the Company has a service contract with any company in the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is established by the management with reference to the employees' merit, qualifications and competence.

The emoluments of the Directors and the senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company currently has an Employee Share Incentive Scheme as an incentive to Directors and eligible employees, details of which are set out in note 35 to the consolidated financial statements.

## PERMITTED INDEMNITY

Pursuant to the Company's Articles of Association, every director shall be indemnified out of the funds of the Company against all liability incurred by him/her as such director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights in the Company's Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the five largest customers of the Group were less than 30% of the Group's revenue for the year under review.

The aggregate purchases attributable to the five largest suppliers of the Group were less than 30% of the Group's purchases for the year under review.

## DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$632,000.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors to be independent.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this report.

## AUDITOR

A resolution will be submitted to the 2024 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
**Robin Gerard Ng Cher Tat**
*Director*

27 February 2024

# CORPORATE GOVERNANCE REPORT

The Group strives to attain and maintain high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. In addition, the Group is also committed to continuously improving its corporate governance practices.

## ASMPT CULTURE

The Company is committed to developing a positive and progressive culture that is built on its Vision, Mission and Values, which serve as a guiding principle for its operations and decision-making processes. They provide a supportive environment for employees across the Group to excel and reach their full potential, and the Company to achieve sustained success and fulfil its duties as a responsible corporate citizen. The initiatives taken by the Company in 2023 to reinforce and enhance its positive corporate culture are set out in the Management Discussion and Analysis and the Corporate Governance sections of this Annual Report and the 2023 ESG Report. More information about the Company's Vision, Mission and Values is available on the Company's website (https://www.asmpt.com/en/company/about-asmpt/vision-mission/). All directors act with integrity, lead by example, and promote the Company's culture.

## CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the Listing Rules throughout the year ended 31 December 2023.

The manner in which the principles and code provisions in the CG Code are applied and implemented are explained as follows:

## THE BOARD

### Board Composition

As at 31 December 2023, the Company has ten Directors, two of whom are female. The majority of Board members are Non-Executive Directors ("NEDs"). They bring to the Board a wide range of professional experience in the business, financial, legal, technical and industrial fields, which contribute to the effective direction of the Group. Members of the Board comprised nationals from Singapore, Hong Kong, Thailand, Germany, the Netherlands and Australia. The Board considers its current composition to have achieved good diversity in terms of gender, cultural, educational background and professional experience.

## THE BOARD (CONTINUED)

### Board Composition (Continued)

The Board composition of the Company as at 31 December 2023 is set out below:

| Director / Board Committee | Audit Committee | Nomination Committee | Remuneration Committee |
|---|---|---|---|
| ***Independent Non-Executive Directors*** | | | |
| Orasa Livasiri *(Chairman of the Board)* | M | C | M |
| John Lok Kam Chong | C | M | M |
| Wong Hon Yee | — | M | C |
| Eric Tang Koon Hung | M | M | M |
| Andrew Chong Yang Hsueh | — | M | — |
| Hera Siu Kitwan | M | — | — |
| ***Non-Executive Directors*** | | | |
| Benjamin Loh Gek Lim | — | M | M |
| Paulus Antonius Henricus Verhagen | M | — | — |
| ***Executive Directors*** | | | |
| Robin Gerard Ng Cher Tat *(Chief Executive Officer)* | — | — | — |
| Guenter Walter Lauber *(Chief Strategy Officer and Chief Digitalisation Officer of the Group, and Chairman of the Group's SMT Solutions Segment)* | — | — | — |

*Notes:*

C — Chairman of the relevant Board committees
M — Member of the relevant Board committees

None of the members of the Board are related to one another.

During the year ended 31 December 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors ("INEDs") with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. Currently, there are two INEDs on the Board meeting the said requirements who are also members of the Board's Audit Committee. The Company has complied with and in fact exceeded the Listing Rules requirement of the INEDs representing at least one-third of the Board.

## THE BOARD (CONTINUED)

### Board Composition (Continued)

The Company has received written annual confirmation from each INED of his or her independence pursuant to the requirements of the Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the Listing Rules, including Miss Orasa Livasiri, Mr. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung (the "Long-serving Directors") who have served as INEDs for more than nine years as of the date of this report. Their respective lengths of tenure up to the date of this report are set out below:

| | Date of Appointment as an INED | Length of Tenure |
|---|---|---|
| Orasa Livasiri *(Chairman)* | 20 April 1994 | 29 years |
| John Lok Kam Chong | 9 March 2007 | 16 years |
| Wong Hon Yee | 27 December 2012 | 11 years |
| Eric Tang Koon Hung | 26 April 2013 | 10 years |

All of the Long-serving Directors have not engaged in executive management of the Group. With their extensive experience and professional knowledge in their respective legal, technical, financial management and corporate controllership fields, they have expressed objective views and given independent guidance to the Company over the years, and continue to demonstrate a firm commitment to their roles. In view of above, the Directors consider that the long services of the Long-serving Directors would not affect their exercise of independent judgment and they remain independent. The Board is satisfied that all of them have the required character, integrity and experience to continue fulfilling the role of INEDs.

### Board Independence Policy

The Board recognises the importance of board independence. As at the date of this report, 60% of the Board is comprised of INEDs, representing a strong independent element on the Board so that independent views carry weight for promoting independent judgment.

The Board adopted a Policy on Independence of Directors as mechanisms to ensure that independent views and input are available to the Board.

According to the policy, a Director will not be considered independent if such Director or the Director's immediate family member:

(1) holds more than 1% of the number of issued shares of the Company;

(2) has received an interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself;

(3) is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the assessment of the Director's independence by the Nomination Committee (the "Independence Assessment") provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period to:

  (a) the Company or any of its subsidiaries or core connected persons;

  (b) any person who was the chief executive or a director (other than an INED) of the Company within two years prior to the Independence Assessment, or any of their close associates;

(4) currently, or within one year immediately prior to the Independence Assessment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the Company or its subsidiaries or with any core connected persons of the Company;

## THE BOARD (CONTINUED)

### Board Independence Policy (Continued)

(5) is on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;

(6) is or was connected with a director, the chief executive or a substantial shareholder of the Company within two years immediately prior to the date of the Director's proposed appointment;

(7) is, or has at any time during the two years immediately prior to the Independence Assessment been, an executive or director (other than an INED) of the Company or of any of its subsidiaries or of any core connected persons of the Company; or

(8) is financially dependent on the Company or any of its subsidiaries or core connected persons of the Company.

The Board will review the Policy on Independence of Directors on an annual basis to ensure its continued effectiveness.

The Chairman also holds separate meetings with INEDs without the presence of other Directors at least annually. Independent professional advice is sought when necessary or when requested by Directors.

During the year, the Nomination Committee reviewed the board composition and was satisfied with the independence of the Board.

### Board Diversity Policy

The Board adopted a Board Diversity Policy including the following Board Diversity Statement:

"At ASMPT, we recognise that there is strength in diversity. We acknowledge and respect this diversity across our employees around the world in terms of heritage and culture, gender, sexual orientation, physical ability, neurodiversity, marital status, and age. We recognise that a diverse and inclusive workforce makes for a stronger organisation and it has been an essential factor contributing to ASMPT's success.

ASMPT is committed to maintaining the highest standards of corporate governance, and firmly believes in a fair and tolerant working environment. Diversity and equality of opportunity are encouraged throughout our global workforce, including in the composition of ASMPT's Board.

ASMPT ensures that its Board has the appropriate balance of skills, experience, and diversity of perspectives required to be effective and to support the execution of its business strategy.

Board appointments will continue to be made based on merit and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable ASMPT to serve its shareholders and other stakeholders.

Within the Board, the Nomination Committee has primary responsibility for identifying suitably qualified candidates to become Board members. In carrying out this responsibility, the Nomination Committee will consider the content and spirit of this Board Diversity Statement. The Board will also review this Statement on a regular basis to ensure its continued relevance and effectiveness, factoring both evolving societal perspectives on diversity and the needs of the Company as well."

The Board will review the Board Diversity Policy and the Board Diversity Statement on an annual basis to ensure its continued effectiveness.

## THE BOARD (CONTINUED)

### Gender Diversity

At the end of 2023, the female representation of the Board was 20%. The Board targets to achieve at least 25% female representation on the Board by 2025. In considering the Board's succession, independent professional search firm(s) would be engaged to help identify potential candidates for NEDs, as and when appropriate. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, can be found in the 2023 ESG Report of the Company.

### Corporate Governance Functions

The Board is responsible for performing its corporate governance duties in accordance with its written terms of reference as set out below. It may delegate the responsibilities to one or more committees, which shall comply with the following terms of reference with regard to such duties.

- To provide independent, effective leadership to supervise the management of the Company's business and affairs to grow value responsibly, in a profitable and sustainable manner, and in the best interests of its shareholders.

- To develop and review the Company's policies and practices on corporate governance.

- To review and monitor the training and continuous professional development of Directors and senior management.

- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors.

- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

- To appoint any other committees that the Board decides are needed and delegate to those committees any appropriate powers of the Board.

- To retain, oversee, compensate and determine the engagements of independent advisors to assist the Board in its activities.

During the year ended 31 December 2023, the Board has (i) reviewed the Company's policies and practices regularly to ensure compliance with legal and regulatory requirements; (ii) reviewed and monitored the training and continuous professional development of Directors; and (iii) reviewed compliance with the CG Code.

### Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. During the year ended 31 December 2023, the position of Chairman was held by Miss Orasa Livasiri, while the position of Chief Executive Officer was held by Mr. Robin Gerard Ng Cher Tat. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Chief Executive Officer, supported by the Group's senior management, is responsible for managing the Group's business, including the implementation of objectives, policies and major strategies and initiatives adopted by the Board.

## THE BOARD (CONTINUED)

### Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, each Director elected by the Company at general meetings shall retire at the third annual general meeting following his election. The Director retiring shall be eligible for re-election at, and shall retain office until the close of, the general meeting at which he retires. Any person appointed as a Director by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election at such meeting.

As the 2024 AGM is the third annual general meeting following the last elections of Mr. John Lok Kam Chong and Mr. Benjamin Loh Gek Lim, they are due to retire from the Board in accordance with the Company's Articles of Association. Mr. John Lok Kam Chong, being eligible, will offer himself for re-election as a Director of the Company at the 2024 AGM. Mr. Benjamin Loh Gek Lim has informed the Board of his intention not to seek re-election as a Director at the 2024 AGM.

### Nomination Committee

The composition of the Nomination Committee is set out on page 34.

The role of the Nomination Committee is to assist the Board of Directors in: (i) identifying individuals qualified to become Board members and recommending that the Board select a group of director nominees for the next annual general meeting; and (ii) ensuring that the Audit Committee, Nomination Committee and Remuneration Committee of the Board shall have the benefit of qualified and experienced INEDs.

The major duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

- To assess the independence of INEDs.

- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive Officer, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board.

- To recommend Directors who are retiring to be put forward for re-election.

- To decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations.

## THE BOARD (CONTINUED)

### Nomination Committee (Continued)

The Nomination Committee held one meeting during the year ended 31 December 2023 and the attendance record is set out under "Directors' attendance records" on page 42. The following is a summary of the tasks completed by the Nomination Committee during 2023:

- reviewed the structure, size and composition of the Board and its committees;
- recommended the retiring Directors for re-election at the annual general meeting;
- reviewed and assessed the independence of the INEDs;
- reviewed Nomination Policy; and
- reviewed succession planning for Directors, in particular, for the Chairman and the Chief Executive Officer.

### Nomination Policy

The Company has formally adopted a Nomination Policy which sets out the criteria and procedures for the Nomination Committee to identify, evaluate and recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

#### Selection Criteria

The Nomination Committee will propose a candidate for nomination or a Director for re-election based on merit, including but not limited to the following considerations:

- The candidate's skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries.
- The Company's Board Diversity Policy, the balance of skills and experience in the composition of the Board and the requirements under the Listing Rules.
- A gender diversity target of at least 25% female representation on the Board by FY 2025.
- A person will not be eligible for nomination by the Board to stand for election by shareholders as an INED if such person has served as a director of the Company for an aggregate period of more than nine years, except that, for the purpose of continuity, persons who were directors of the Company prior to the annual general meeting held on 9 May 2023 ("2023 AGM") may be re-elected as INEDs if they have not served as directors of the Company for an aggregate period of more than nine years following the 2023 AGM.
- A Director shall not hold directorships in a total of seven or more listed companies.
- The ability of the candidate or the re-elected Director to commit and devote sufficient time and attention to the Company's affairs.
- The candidate's character, experience and integrity, and ability to demonstrate a standard of competence commensurate with the position of a director of the Company.

## THE BOARD (CONTINUED)

### Nomination Policy (Continued)

#### Nomination Process and Procedures

For appointment of a new Director, the nomination process and procedures are:

- The Nomination Committee, with or without assistance from the Company's Human Resources Department and external agencies, identifies candidates in accordance with the selection criteria set out in the Nomination Policy.
- The Nomination Committee evaluates candidates and recommends to the Board the appointment of appropriate candidates for directorship.
- The Board decides on the appointment based upon the recommendation of the Nomination Committee.
- The letter of appointment, or the key terms and conditions of the appointment, should be approved by the Remuneration Committee.
- The Company Secretary or a delegate designated by the Company Secretary shall ensure that all disclosure obligations under the Listing Rules regarding the said appointment or re-election are duly complied with.

For re-election of a Director, the nomination process and procedures are:

- The Nomination Committee reviews the overall contribution of the retiring Director to the Company.
- The Nomination Committee also reviews and determines whether the retiring Director continues to meet the selection criteria set out in the Nomination Policy.
- The Nomination Committee shall make its recommendation to the Board, which shall in turn decide whether to recommend the proposed re-election of the Director to the Company's shareholders at a general meeting.

For the nomination of a new Director by shareholders, please refer to the procedures for shareholders to propose a person for election as a Director on the Company's website (www.asmpt.com). For any person who is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the selection criteria set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee shall make its recommendation to the Board, which shall in turn decide whether to recommend such person to be elected as a Director at a general meeting.

### Induction and continuing development for Directors

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the business and operations of the Company and is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are given updates on legal and regulatory developments, and business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged whenever necessary.

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors.

The Directors are committed to complying with Code Provision C.1.4 of the CG Code on Directors' training. All the Directors have participated in continuous professional development to develop and refresh their knowledge and skills and have provided a record of training they received for the year ended 31 December 2023 to the Company.

## THE BOARD (CONTINUED)

### Induction and continuing development for Directors (Continued)

The individual training received by each current Director during the year ended 31 December 2023 is summarised below:

| Directors | Reading Regulatory Updates | Attending briefings/ seminars/ conferences relevant to the business | Attending training/briefing on regulatory development, directors' duties or other relevant topics |
|---|---|---|---|
| ***Independent Non-Executive Directors*** | | | |
| Orasa Livasiri | ✓ | ✓ | ✓ |
| 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 | ✓ | ✓ | ✓ |

### Board meetings

#### Board practices and conduct of meetings

Notices of regular Board meetings are served on all Directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. For committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner before each Board or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Minutes of all Board meetings (including those of Committee meetings) are kept by the Company Secretary. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest.

## THE BOARD (CONTINUED)

### Board meetings (Continued)

Directors' attendance records

Seven Board meetings were held during the year. The Chairman also held a meeting with the INEDs, in the absence of other Directors, to consider issues in an informal setting.

The individual attendance (either in person or through other electronic means of communication) record of each Director at the meetings of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee and the 2023 AGM, during the year ended 31 December 2023 is set out below:

| | Board Meetings | Audit Committee Meetings | Nomination Committee Meeting | Remuneration Committee Meeting | 2023 AGM |
|---|---|---|---|---|---|
| **Number of Meetings** | 7 | 4 | 1 | 1 | 1 |
| **Directors** | **Attendance/Number of Meetings held during the tenure of directorship** | | | | |
| ***Independent Non-Executive Directors*** | | | | | |
| Orasa Livasiri | 7/7 | 4/4 | 1/1 | 1/1 | 1/1 |
| John Lok Kam Chong | 7/7 | 4/4 | 1/1 | 1/1 | 1/1 |
| Wong Hon Yee | 7/7 | N/A | 1/1 | 1/1 | 1/1 |
| Eric Tang Koon Hung | 7/7 | 4/4 | 1/1 | 1/1 | 1/1 |
| Andrew Chong Yang Hsueh | 7/7 | N/A | 1/1 | N/A | 1/1 |
| Hera Siu Kitwan | 7/7 | 4/4 | N/A | N/A | 1/1 |
| ***Non-Executive Directors*** | | | | | |
| Benjamin Loh Gek Lim | 7/7 | N/A | 1/1 | 1/1 | 1/1 |
| Paulus Antonius Henricus Verhagen | 7/7 | 4/4 | N/A | N/A | 1/1 |
| ***Executive Directors*** | | | | | |
| Robin Gerard Ng Cher Tat | 7/7 | N/A | N/A | N/A | 1/1 |
| Guenter Walter Lauber | 7/7 | N/A | N/A | N/A | 1/1 |

*Note:* The Company's internal auditor participated in every Audit Committee Meeting during the year. The Company's external auditor participated in three out of four of the Audit Committee Meetings during the year, and also attended the 2023 AGM.

### Model code for securities transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made to all Directors, and all of the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2023.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees (the "Employees Written Guidelines") who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## THE BOARD (CONTINUED)

### Company Secretary

The Company Secretary supports the Chairman, the Board and the Board Committees by ensuring good information flow and that Board policy and procedures are followed. He advises the Board on governance matters and facilitates the induction and professional development of Directors. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs. He was appointed by the Board in May 2019. Although the Company Secretary reports to the Chairman and the Chief Executive Officer, all Directors may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and the Board Committees.

During the year, the Company Secretary complied with Rule 3.29 of the Listing Rules and has taken no less than 15 hours of relevant professional training.

## DELEGATION OF MANAGEMENT FUNCTIONS

The Company has formalised and adopted written terms on the division of functions reserved to the Board and delegated to the management.

The Board reserves for its decisions all major matters of the Company, including: objectives and overall strategies of the Company; annual budgets and financial matters; internal control and risk management systems; equity related transactions such as issue of shares/options, repurchase of shares, dividend, raising of capital loan; determination of major business strategy; merger and acquisition (save for the delegation of authority to the Company's management to deal with small merger and acquisition opportunities as disclosed hereinafter); disposal of business unit; major investment; annual financial budget in revenue, profitability and capital expenditure; review and approval of financial performance and announcements; and matters as required by laws and regulations.

All the Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making a request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has approved a delegation of authority to the Company's management to deal with small merger and acquisition opportunities, subject to an annual cap by transaction value in aggregate that the Company deemed fit for its business and growth strategies. The annual cap by transaction value in aggregate will be reviewed by the Board annually.

The management provides to all members of the Board monthly performance updates giving information on the Group's latest financial performance and financial position, the status of the Group's order book and the performance of individual operating segments and other relevant information. Directors can therefore have a balanced and understandable assessment of the Group's performance, position and prospects throughout the year.

During the year ended 31 December 2023, the Board had three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, to oversee particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website (www.asmpt.com) and the HKEXnews website (www.hkexnews.hk) and are available to shareholders upon request.

The Board's committees are provided with sufficient resources to discharge their duties.

## REMUNERATION OF DIRECTORS

The Company has established a formal and transparent procedure for formulating policies on the remuneration of the Executive Directors of the Company. Details of the remuneration of each of the Directors of the Company for the year ended 31 December 2023 are set out on pages 103 to 104 in note 13 to the consolidated financial statements. With effect from 1 January 2022, the remuneration payable to the INEDs and NEDs are as follows:

| Fee payable to: | Per annum |
|---|---|
| Chairman of the Board | HK$375,000 |
| NEDs or INEDs (other than the Chairman of the Board) | HK$250,000 |
| Chairman of the Audit Committee | HK$150,000 |
| Member of the Audit Committee (other than the Chairman of the Audit Committee) | HK$100,000 |
| Chairman of the Remuneration Committee | HK$112,500 |
| Member of the Remuneration Committee (other than the Chairman of the Remuneration Committee) | HK$75,000 |
| Chairman of the Nomination Committee | HK$112,500 |
| Member of the Nomination Committee (other than the Chairman of the Nomination Committee) | HK$75,000 |

| Fee/allowance payable to the Director: | Per meeting |
|---|---|
| Meeting attendance fee | |
| • Board meeting and general meeting | HK$5,000 |
| • Committee meeting | HK$2,500 |
| Overseas travel allowance | |
| • Board meeting and general meeting | HK$5,000 |
| • Committee meeting | HK$2,500 |

### Remuneration Committee

The composition of the Remuneration Committee is set out on page 34.

The primary function of the Remuneration Committee is to make recommendations on the remuneration policy and structure and remuneration packages of the Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee has adopted a model wherein it determines, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee will also review and approve performance-based remuneration by reference to corporate goals and objectives.

## REMUNERATION OF DIRECTORS (CONTINUED)

### Remuneration Committee (Continued)

The main duties of the Remuneration Committee are as follows:

- To review and approve the performance-based remuneration of individual Executive Directors and senior management by reference to the corporate goals and objectives of the Company.
- On an annual basis, to review and approve the specific remuneration of the Chief Executive Officer including but not limited to basic salary, performance based discretionary bonus and the award of incentive shares.
- On an annual basis, to review and approve the recommendations made by the Chief Executive Officer for the remuneration of other Executive Directors and senior management, which includes their basic salary, performance based discretionary bonus and the award of incentive shares.
- To review and approve the compensation payable to the Executive Directors and senior management for any loss of or termination of office or appointment, to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- To review and approve compensation arrangements relating to the dismissal or removal of Directors for misconduct, to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- To make recommendations to the Board on the remuneration of NEDs and INEDs.
- To take into account the salaries paid by comparable companies, time commitments, responsibilities and employment conditions elsewhere in the ASMPT group when determining the remuneration of an individual.
- To review and/or approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the year ended 31 December 2023 and the attendance records are set out under "Directors' attendance records" on page 42. The following is a summary of the tasks completed by the Remuneration Committee during 2023:

- consulted the Chairman and/or the Chief Executive Officer of the Company about their recommendations on remuneration policy and packages of the Executive Directors and senior management;
- determined the performance based discretionary bonus and bonus shares allocation for the Executive Directors and the senior management, taking into account their individual performance and market benchmarking information; and
- reviewed and approved the key terms and conditions of the newly appointed member of the senior management.

## REMUNERATION OF DIRECTORS (CONTINUED)

### Remuneration Committee (Continued)

Details of the annual remuneration of members of the senior management (including Executive Directors) by band for the year ended 31 December 2023 are as follows:

| | Number of employees |
|---|---|
| HK$3,000,001 to HK$3,500,000 | 2 |
| HK$4,500,001 to HK$5,000,000 | 1 |
| HK$5,000,001 to HK$5,500,000 | 2 |
| HK$6,000,001 to HK$6,500,000 | 1 |
| HK$7,000,001 to HK$7,500,000 | 1 |
| HK$10,500,001 to HK$11,000,000 | 1 |
| HK$15,000,001 to HK$15,500,000 | 1 |

## AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

### Directors' responsibilities for financial reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The management provides such explanations and information to the Board that would enable the Board to make an informed assessment of the financial information and position of the Company put to the Board for approval.

### Internal controls

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard the assets of the Group.

The Group Internal Audit Department, which is independent of the Company's management, provides objective assurance and consulting services to the Company by bringing a disciplined systematic approach to evaluate and improve the effectiveness and efficiency of risk management, internal control and governance processes and the integrity of the operations. The Department is accountable to the Audit Committee of the Company and has unrestricted access to information that allows it to perform its functions. It conducts audits on financial, operational and compliance controls, and reviews controls implemented by the risk management functions of all business and functional units as well as subsidiaries. Management is responsible for ensuring that control deficiencies highlighted in internal audits are rectified within a reasonable period. The Department produces an annual internal audit plan derived from risk assessment covering analyses of ASMPT's operating environment, top management concerns, historical audit findings, as well as external business factors for the Audit Committee's review. On a quarterly basis, the head of the Group Internal Audit Department reports to the Audit Committee her audit findings and her opinions on the system of internal controls. The Audit Committee reviewed the Group's risk management and internal control systems on an annual basis, and was satisfied with the existing controls and considers the Company's risk management and internal control systems effective and adequate.

The Company has established a whistleblowing procedure and system for employees to raise concerns, in confidence, to the Audit Committee about possible improprieties, such as those relating to fraud, bribery and financial irregularities, concerning the Company.

## AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

### Audit Committee

The composition of the Audit Committee is set out on page 34, which includes two INEDs who possess the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee are former partners of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, internal auditor or external auditor before submission to the Board.

- To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment or removal of an external auditor.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget, and risk management system and associated procedures.

In 2023, a total of four meetings of Audit Committee were convened. The attendance record of the Audit Committee's members is shown on page 42. The following is a summary of the tasks completed by the Audit Committee during 2023:

- reviewed the Group's financial reports for the year ended 31 December 2022, for the six months ended 30 June 2023, and for the quarters ended 31 March 2023 and 30 September 2023;

- reviewed the financial reporting system;

- reviewed the effectiveness of the Group's internal control system;

- reviewed the Group's risk management system;

- reviewed the work plan for the 2023 audit and fees budget of the auditor;

- made recommendation on the re-appointment of the auditor;

- reviewed fees for non-audit services provided by the Company's auditor;

- reviewed internal audit plans for 2023 and 2024;

- reviewed the Group Internal Audit Charter;

- received internal audit reports on a quarterly basis; and

- received whistleblowing reports on a quarterly basis.

There is no material uncertainty relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

## AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

### Auditor's remuneration

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 55 to 58.

During the year under review, the remuneration paid to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, amounted to HK$17,453,108 in respect of audit services; HK$1,637,067 in respect of assurance related services and HK$179,999 in respect of non-audit services (which includes review and consultancy services, services made at the request of regulators, and taxation services), all of which were reviewed and approved by the Audit Committee.

The Audit Committee recommends the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor at the forthcoming annual general meeting.

## RISK MANAGEMENT

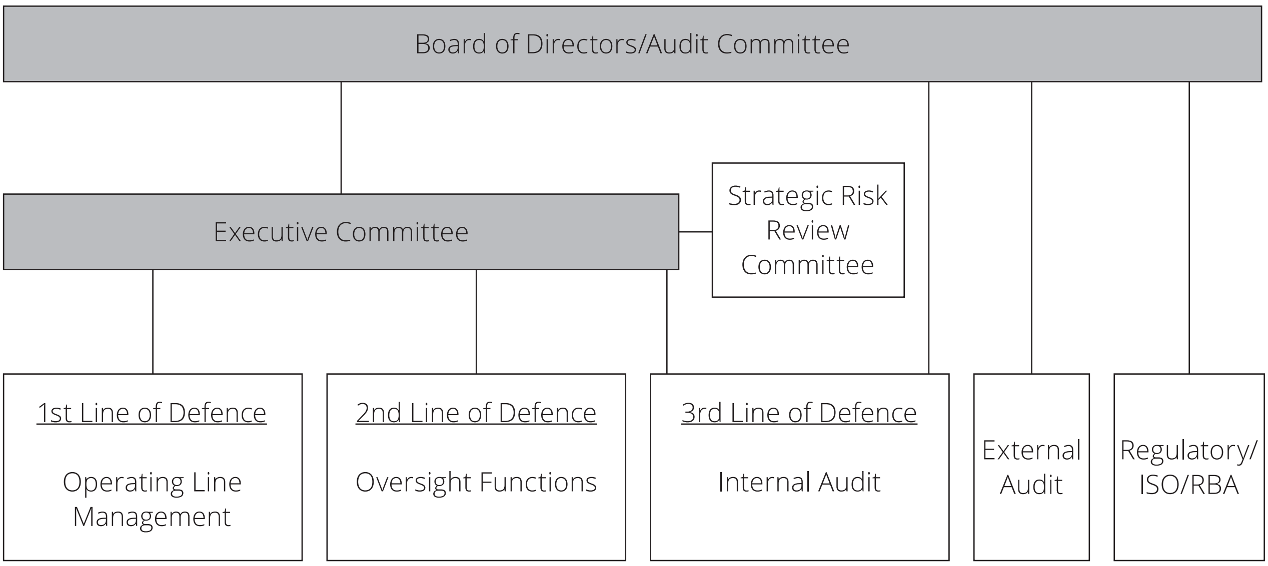
The Board of Directors acknowledges that it is responsible for the Group's risk management and for reviewing its effectiveness. The Board evaluates and determines the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and ensures that the Group establishes and maintains an appropriate and effective risk management system. The Board oversees the Company's management in the design, implementation and monitoring of the risk management system on an on-going basis. Management, on the other hand, provides confirmation to the Board on the effectiveness of these systems.

Management is delegated by the Board to advise the Board on the Group's risk-related matters. Management is also responsible for assessing the effectiveness of the Group's risk control/management system.

### Risk Management and Control System

The Group has in place a risk management framework ("Framework"), which is based on the "Three Lines of Defence" model and includes a process of Strategic Risk Review. The Framework gives the Board and the management a clear overview of the effectiveness of internal controls and risk management. The Framework is a structured, systematic and effective risk and control system that manages the strategic, operational, financial, financial reporting and compliance risks and enhances clarity at all levels of the Group. The Board and the management are aware that the Framework is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Framework



## RISK MANAGEMENT (CONTINUED)

### Risk Management and Control System (Continued)

The Framework (Continued)

The Three Lines of Defence sets out clear responsibilities for overseeing and coordinating risk assessment and mitigation on a Group-wide basis so as to ensure that risks faced by the Group are effectively identified, measured, monitored and controlled.

- *1st Line of Defence — Operating Line Management*
  Line management personnel own and manage risks, and are responsible for undertaking and establishing appropriate controls to operate effectively on a daily basis. There are adequate management controls in place to monitor ongoing compliance and to highlight control breakdowns.

- *2nd Line of Defence — Oversight Functions*
  These oversight functions support the management by bringing expertise, process excellence, and management monitoring alongside the 1st Line of Defence in outlining the principles, governance, roles and responsibilities, and help ensure that the risk and control procedures are operating as intended. Oversight functions involve Finance and Tax, Information Technology, Human Resources, Legal and Compliance, and Operational Excellence that includes Quality and Inspection.

- *3rd Line of Defence — Internal Audit*
  Group Internal Audit provides an independent and objective assurance to the management on the effectiveness and adequacy of the Group's internal control systems, with a primary reporting line to the Board through the Audit Committee.

The Framework also takes into consideration the COSO Internal Control — Integrated Framework in managing risks relating to the achievement of objectives.

As a complement to the Three Lines of Defence, the Strategic Risk Review Committee reports directly to the Group's Executive Committee, which comprises the Chief Executive Officer and other senior management members of the Group. The Strategic Risk Review Committee for the year 2023 was chaired by a Vice President of the Group and comprised management representatives from different Business Segments who were responsible for various key functions within the Group. The Strategic Risk Review Committee is tasked with identifying and assessing risks that would hinder the Group from achieving its objectives, and analysing and recommending how risks are to be managed. This will enhance risk management in order that all material risks faced by the Group are identified, reviewed and appropriately managed. The Strategic Risk Review Committee reports the key risks to the Executive Committee on a regular basis and to the Board on an annual basis. Task forces have been formed and assigned to study in detail the key risks identified and recommend appropriate courses of action to manage identified risks.

The Board, with the assistance of the Executive Committee, oversees the Company's Framework and reviews the Group's top risks and emerging risks on an ongoing basis. During the year, the Board has performed a review of the Group's Framework, including its processes for risk identification and assessment, risk management processes, as well as evaluating the Group's top risks and key emerging risks, and the controls in place to mitigate such risks.

## INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligation under the Securities and Futures Ordinance and the Listing Rules, and the overriding principle that inside information should be announced immediately in compliance with the aforesaid Ordinance and Rules.

The Company makes reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012 in the handling and dissemination of inside information.

The Company has included in its Code of Business Conduct a strict prohibition on the unauthorised use of confidential or inside information.

The Company has also established and implemented procedures for responding to external enquiries about the Group's affairs. Senior managers of the Group are identified and authorised to act as the Company's spokespersons and to respond to enquiries on specific areas and issues.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decisions.

### Shareholders' Communication Policy

The Company has established a Shareholders' Communication Policy relating to the Company's communications with its shareholders, with the objective of ensuring that its shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company.

General Policy

- The Board shall maintain an on-going dialogue with Shareholders and the investment community, and will revise this Policy where appropriate to ensure its effectiveness.

- Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on ASMPT's website.

- Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding this Policy shall be directed to the Company's Chief Executive Officer.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

### Shareholders' Communication Policy (Continued)

Communication Strategies

*Shareholders' enquiries*

- Shareholders may at any time send their enquiries and concerns in writing to the Investor Relations Department, which contact details are as follows:

  **ASMPT Limited**
  *Singapore Office (Corporate Headquarters)*
  2 Yishun Avenue 7
  Singapore 768924
  Republic of Singapore

  *Hong Kong Office*
  19/F, Gateway ts
  8 Cheung Fai Road
  Tsing Yi, New Territories
  Hong Kong

  Attn.: Investor Relations Department

  | | |
  |---|---|
  | Telephone: | (65) 6752 6311; (65) 6750 3172 (Singapore) |
  | | (852) 2424 2021; (852) 2970 6329 (Hong Kong) |
  | Fax: | (65) 6758 2287 (Singapore) |
  | | (852) 2481 3367 (Hong Kong) |
  | Email: | investor.relation@asmpt.com |

  Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

*Corporate Communications*

- Corporate communications will be provided to Shareholders in plain language and in both English and Chinese. Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website (www.asmpt.com) to help protect the environment. Shareholders may change their choice of language (English and/or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

*Corporate Website*

- A dedicated Investors section is available on the Company's website (www.asmpt.com). Information on the Company's website is updated on a regular basis.

- Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc.

- All press releases and presentation materials provided in conjunction with the Company's results announcement each year will be made available on the Company's website as soon as practicable after their release.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

### Shareholders' Communication Policy (Continued)

Communication Strategies (Continued)

*Shareholders' Meetings*

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
- Appropriate arrangements for the conduct of the Company's annual general meetings shall be in place to encourage Shareholders' participation.
- The Company's general meeting procedures will be monitored and reviewed, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.
- Board members, including the Chairman of the Board and the Board committees, relevant management executives and external auditor will attend annual general meetings to answer Shareholders' questions.
- Shareholders are encouraged to attend shareholders' activities organised by the Company, where information about the Company, including its latest products and services, will be communicated.

*Communications with Investment Community*

- Investor/analysts briefings, roadshows, media interviews, marketing activities for investors and specialist industry forums etc. will be held from time to time, where appropriate, in order to facilitate communication between the Company, shareholders and the investment community.

The Company holds earnings calls with the investment community in connection with the Company's annual, interim and quarterly results. Apart from these earnings calls, the Company also conducts post-results Non-Deal Roadshows (NDRs) on a quarterly basis (except for the first quarter). During these calls or interactions, the Company's Chief Executive Officer, in conjunction with the Chief Financial Officer, will make presentations on the Group's performance to the investment community. Moreover, designated senior executives maintain regular dialogue with institutional investors to keep them abreast of the Group's development, subject to compliance with applicable laws and regulations. Including the four results announcements, approximately 350 meetings/calls with analysts, investors and media were held in 2023.

Any question regarding the Shareholders' Communication Policy may be directed to the Company's Chief Executive Officer.

The Board will review the Shareholders' Communication Policy on an annual basis to review its implementation and effectiveness.

The Board has conducted a review of the implementation and effectiveness of the Shareholders' Communication Policy during the year. After considering the following measures taken by the Company during the year, the Board is satisfied with the implementation and effectiveness of the Shareholders' Communication Policy:

- The Company's financial reports (annual and interim reports), announcements and circulars were published on the websites of the Stock Exchange and the Company as soon as practicable in accordance with the Listing Rules. Shareholders can choose to receive English and/or Chinese versions or the means of receipt of such publications.
- Press releases and presentation materials were published on the Company's website to facilitate shareholders' and other stakeholders' understanding and appraisal of the Company's latest developments.
- The Company's 2023 AGM was conducted in hybrid format to maximise shareholder participation. Electronic voting was conducted at the 2023 AGM, which provided shareholders an option to vote online.
- On-going communications were maintained with the shareholders and the investment community by organising analyst briefings, roadshows, media interviews, etc. during the financial year.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

### Dividend Policy

The Group has a proven track record of consistently paying dividends every year through the peaks and troughs of global economic and semiconductor cycles since its HKEX listing in 1989. This has delivered consistent returns to its shareholders.

The dividend policy of the Group is to continue a consistent annual dividend payout ratio of around 50%. The actual dividend payout ratio for each year will depend on various factors, including the Group's strategy and financial performance, its liquidity and financing needs and the prevailing market outlook. The Board will review this dividend policy from time to time, with reference to factors such as the Group's future prospects and capital requirements.

### Shareholders' Meeting

The general meetings of the Company provide the best opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as the respective Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee or, in their absence, other members of the respective committees, and INEDs are available to answer questions at the shareholders' meetings. The Company's external auditor, Messrs. Deloitte Touche Tohmatsu, attends the annual general meeting and is available to answer questions relating to the conduct of its audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The most recent shareholders' meeting was the 2023 AGM held on 9 May 2023 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong. All the resolutions proposed at that meeting were approved by the shareholders by poll voting. The 2023 AGM was in the form of a hybrid annual general meeting with the combination of in-room meeting and virtual meeting which allows shareholders to attend either in person, or via an online platform. This allowed shareholders to attend, submit questions, vote electronically in real time and view live streaming of the annual general meeting. Shareholders were able to view the live video broadcast and participate in voting and submit questions in written form to the annual general meeting via their mobile phones, tablets or computers. The live broadcast option broadened the reach of the annual general meeting to shareholders who were unwilling or unable to attend in person for any reason. Details of poll results are available under the investor relations section of the Company's website (www.asmpt.com) and the HKEXnews website (www.hkexnews.hk).

The 2024 AGM will be held on Wednesday, 8 May 2024, the notice of which will be sent to shareholders at least 20 clear business days before the said meeting.

### Shareholder Rights

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the re-election of retiring Directors.

All votes of the shareholders at shareholders' meetings are taken by poll. Poll results are posted on the Company's website (www.asmpt.com) and the HKEXnews website (www.hkexnews.hk) following the shareholders' meetings.

### Procedures for shareholders to convene an extraordinary general meeting

Pursuant to the Articles of Association, shareholders holding not less than one-tenth in amount of the issued capital of the Company (hereinafter referred to as the "requisitionists") may request for an extraordinary general meeting of the Company to be convened. The requisition must be in writing and signed by the requisitionists, stating the objective of the meeting, and it should be deposited at the Company's registered office at Cayman Islands or its principal place of business in Hong Kong at 19/F, Gateway ts, 8 Cheung Fai Road, Tsing Yi, New Territories, Hong Kong.

If the Directors do not, within 21 days from the date of the requisition, duly proceed to convene a meeting, the requisitionists or any of them representing more than one-half of total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the date of requisition.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

### Procedures for putting forward proposals at shareholders' meetings

Shareholders who wish to put forward a proposal at an extraordinary general meeting should follow the procedures set out in the "Procedures for shareholders to convene an extraordinary general meeting" above.

Pursuant to Article 115 of the Company's Articles of Association, no person other than a Director retiring at a meeting shall, unless recommended by the Directors, be appointed a Director at a general meeting unless notice in writing shall have been given to the Company of the intention of any member qualified to vote at the meeting to propose any person other than a retiring Director for election to the office of Director, with notice executed by that person of his willingness to be appointed, provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for giving such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

Details of the procedure for shareholders to propose candidates for election to the Board of Directors are available on the Company's website (www.asmpt.com).

### Procedures for putting enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Investor Relations Department, which contact details are set out on page 53.

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

### Articles of Association of the Company

There was no change in the Articles of Association of the Company for the year ended 31 December 2023.

On behalf of the Board
**Robin Gerard Ng Cher Tat**
*Director*

27 February 2024

# INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

**TO THE SHAREHOLDERS OF ASMPT LIMITED**
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of ASMPT Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 59 to 163, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTERS (CONTINUED)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment testing of goodwill and intangible assets with indefinite useful life under the cash-generating units in placement and printing business and ASMPT NEXX, Inc. ("NEXX")*** | |
| We identified the impairment testing of goodwill and intangible assets with indefinite useful life under the cash-generating unit ("CGUs") in placement and printing business and NEXX as a key audit matter due to its complexity and significant judgment exercised by the Group's management on the impairment testing.<br><br>As detailed in note 22 to the consolidated financial statements, for the purposes of impairment testing, the carrying amounts of goodwill and intangible assets with indefinite useful life under the CGUs in placement and printing business and NEXX as at 31 December 2023 were HK$626,660,000 and HK$325,282,000 respectively. Determining the amount of impairment for goodwill and intangible assets with indefinite useful life requires an estimation of the recoverable amount, which is the value in use of the CGUs to which goodwill and intangible assets have been allocated. The value in use is determined based on the cash flow projection for the CGUs discounted to its present value and requires the use of key assumptions, including sales growth rates, gross profit margin rates, terminal growth rates and discount rates applied to the cash flow projection. These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied.<br><br>The management of the Group determines that there was no impairment recognized with respect to the goodwill and intangible assets with indefinite useful life allocated to the CGUs in placement and printing business and NEXX during the year ended 31 December 2023. | Our procedures in relation to assessing the appropriateness of the impairment testing of goodwill and intangible assets with indefinite useful life included:<br><br>• Understanding the Group's impairment testing process, including the valuation model adopted and assumptions used;<br><br>• Evaluating the appropriateness of the model used to calculate the recoverable amount;<br><br>• Evaluating the reasonableness of the budgeted sales and gross margin by considering the approved financial budgets, the management's business plan, the available industry and market data;<br><br>• Evaluating the historical accuracy of the financial budgets prepared by management by comparing the historical financial budgets with the actual performance; and<br><br>• Engaging our valuation expert to evaluate the appropriateness of the discount rates and terminal growth rates used. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
27 February 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| Revenue | 5 | **14,697,489** | 19,363,495 |
| Cost of sales | | **(8,923,861)** | (11,397,547) |
| Gross profit | | **5,773,628** | 7,965,948 |
| Other income | | **183,001** | 122,528 |
| Selling and distribution expenses | | **(1,606,563)** | (1,705,253) |
| General and administrative expenses | | **(1,014,868)** | (997,654) |
| Research and development expenses | 7 | **(2,047,802)** | (2,026,478) |
| Other gains and losses, net | 8 | **(29,767)** | 86,546 |
| Other expenses | 9 | **(94,976)** | (76,048) |
| Finance costs | 10 | **(137,888)** | (119,936) |
| Share of result of a joint venture | | **11,246** | 163,338 |
| Profit before taxation | | **1,036,011** | 3,412,991 |
| Income tax expense | 11 | **(324,510)** | (794,924) |
| Profit for the year | 12 | **711,501** | 2,618,067 |
| Profit (loss) for the year attributable to: | | | |
| Owners of the Company | | **715,353** | 2,620,251 |
| Non-controlling interests | | **(3,852)** | (2,184) |
| | | **711,501** | 2,618,067 |
| Earnings per share | 16 | | |
| — Basic | | **HK$1.73** | HK$6.36 |
| — Diluted | | **HK$1.73** | HK$6.33 |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | *NOTES* | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| Profit for the year | | **711,501** | 2,618,067 |
| Other comprehensive income (expense) | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| — remeasurement of defined benefit retirement plans, net of income tax | *36* | **16,630** | 75,403 |
| — net fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income | *23* | **2,736** | (35,279) |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| — exchange differences on translation of foreign operations | | | |
| — subsidiaries | | **145,181** | (657,999) |
| — a joint venture | | **(5,967)** | (33,576) |
| — fair value (loss) gain on hedging instruments designated as cash flow hedges | | **(43,064)** | 77,513 |
| Other comprehensive income (expense) for the year | | **115,516** | (573,938) |
| Total comprehensive income for the year | | **827,017** | 2,044,129 |
| Total comprehensive income (expense) for the year attributable to: | | | |
| Owners of the Company | | **833,131** | 2,061,367 |
| Non-controlling interests | | **(6,114)** | (17,238) |
| | | **827,017** | 2,044,129 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 17 | **2,189,566** | 2,230,635 |
| Right-of-use assets | 18 | **2,046,422** | 1,553,341 |
| Investment properties | 19 | **63,260** | 69,485 |
| Goodwill | 20 | **974,918** | 928,313 |
| Intangible assets | 21 | **1,020,457** | 1,041,763 |
| Other investments | 23 | **84,746** | 38,051 |
| Interest in a joint venture | 24 | **1,521,245** | 1,515,966 |
| Other financial assets | 24 | **—** | 39,765 |
| Deposits paid for acquisition of property, plant and equipment | | **13,745** | 31,529 |
| Rental deposits paid | | **31,360** | 30,798 |
| Derivative financial instruments | 27 | **177,000** | 215,020 |
| Deferred tax assets | 37 | **590,140** | 529,223 |
| Long-term bank deposits | 28 | **2,158** | 14,450 |
| Other non-current assets | | **7,030** | 22,762 |
| | | **8,722,047** | 8,261,101 |
| **Current assets** | | | |
| Inventories | 25 | **6,315,473** | 7,450,163 |
| Trade and other receivables | 26 | **3,972,865** | 4,543,672 |
| Amounts due from a joint venture and its affiliates | 24 | **20,641** | 21,111 |
| Derivative financial instruments | 27 | **41,556** | 49,479 |
| Income tax recoverable | | **51,107** | 39,989 |
| Other financial assets | 24 | **39,837** | — |
| Pledged bank deposits | 28 | **—** | 570 |
| Bank deposits with original maturity of more than three months | 28 | **365,261** | 147,560 |
| Cash and cash equivalents | 28 | **4,434,057** | 4,262,886 |
| | | **15,240,797** | 16,515,430 |
| **Current liabilities** | | | |
| Trade liabilities and other payables | 29 | **2,364,029** | 2,879,409 |
| Advance payments from customers | 30 | **881,374** | 1,093,944 |
| Amounts due to a joint venture and its affiliates | 24 | **43,061** | 13,431 |
| Derivative financial instruments | 27 | **1,246** | 14,253 |
| Lease liabilities | 31 | **188,095** | 188,807 |
| Provisions | 32 | **270,487** | 333,537 |
| Income tax payable | | **264,664** | 473,212 |
| Bank borrowings | 33 | **2,000,000** | 250,000 |
| | | **6,012,956** | 5,246,593 |
| **Net current assets** | | **9,227,841** | 11,268,837 |
| | | **17,949,888** | 19,529,938 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | *34* | **41,451** | 41,287 |
| Dividend reserve | | **323,314** | 783,758 |
| Other reserves | | **15,326,282** | 14,913,461 |
| **Equity attributable to owners of the Company** | | **15,691,047** | 15,738,506 |
| **Non-controlling interests** | | **112,911** | 119,025 |
| **Total equity** | | **15,803,958** | 15,857,531 |
| **Non-current liabilities** | | | |
| Bank borrowings | *33* | **—** | 2,000,000 |
| Lease liabilities | *31* | **1,841,509** | 1,320,395 |
| Retirement benefit obligations | *36* | **65,190** | 98,787 |
| Provisions | *32* | **47,183** | 54,453 |
| Deferred tax liabilities | *37* | **120,946** | 148,188 |
| Other liabilities and accruals | *38* | **71,102** | 50,584 |
| | | **2,145,930** | 3,672,407 |
| | | **17,949,888** | 19,529,938 |

The consolidated financial statements on pages 59 to 163 were approved and authorized for issue by the Board of Directors on 27 February 2024 and are signed on its behalf by:

**Robin Gerard Ng Cher Tat**
*DIRECTOR*

**Guenter Walter Lauber**
*DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| | Attributable to owners of the Company | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Employee share-based compensation reserve HK$'000 | Shares held for share award scheme HK$'000 *(note 35)* | Treasury share reserve 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 | Attributable to non-controlling interests HK$'000 | Total HK$'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 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 *(note 36)* | – | – | – | – | – | – | – | – | – | – | – | 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 |
| Sub-total | 41,270 | 1,862,085 | – | (845) | – | 760 | 72,979 | (76,994) | 249,726 | 58,720 | (1,105,892) | 15,161,950 | 1,073,034 | 17,336,793 | 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 35)* | – | – | – | (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 | 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 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 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 35)* | Treasury share reserve 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 2023 | 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 year | – | – | – | – | – | – | – | – | – | – | – | 715,353 | – | 715,353 | (3,852) | 711,501 |
| *Items that will not be reclassified to profit or loss:* | | | | | | | | | | | | | | | | |
| Remeasurement of defined benefit retirement plans, net of tax *(note 36)* | – | – | – | – | – | – | – | – | – | – | – | 16,630 | – | 16,630 | – | 16,630 |
| Net fair value gain on investments in equity instruments at fair value through other comprehensive income | – | – | – | – | – | – | – | 2,736 | – | – | – | – | – | 2,736 | – | 2,736 |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | – | – | – | – | – | – | – | – | – | – | 141,476 | – | – | 141,476 | (2,262) | 139,214 |
| Fair value loss on hedging instruments designated as cash flow hedges | – | – | – | – | – | – | – | – | – | (43,064) | – | – | – | (43,064) | – | (43,064) |
| Total comprehensive income (expense) for the year | – | – | – | – | – | – | – | 2,736 | – | (43,064) | 141,476 | 731,983 | – | 833,131 | (6,114) | 827,017 |
| Sub-total | 41,287 | 1,892,517 | – | – | (16,264) | 1,007 | 72,979 | (27,761) | 249,726 | 15,656 | (964,416) | 14,523,148 | 783,758 | 16,571,637 | 112,911 | 16,684,548 |
| Recognition of equity-settled share-based payments | – | – | 177,635 | – | – | – | – | – | – | – | – | – | – | 177,635 | – | 177,635 |
| Transfer loss to retained profits due to written off the other investment | – | – | – | – | – | – | – | 36,359 | – | – | – | (36,359) | – | – | – | – |
| Purchase of shares under the Scheme *(as defined in note 35)* | – | – | – | (22,839) | – | – | – | – | – | – | – | – | – | (22,839) | – | (22,839) |
| Shares repurchased and cancelled *(note 34)* | (37) | (16,227) | – | – | 16,264 | 37 | – | – | – | – | – | (37) | – | – | – | – |
| Shares vested under the Scheme | – | – | (27,203) | 22,839 | – | – | – | – | – | – | – | 4,364 | – | – | – | – |
| Shares issued under the Scheme | 201 | 150,231 | (150,432) | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2022 final dividend paid | – | – | – | – | – | – | – | – | – | – | – | – | (783,758) | (783,758) | – | (783,758) |
| 2023 interim dividend paid | – | – | – | – | – | – | – | – | – | – | – | (251,628) | – | (251,628) | – | (251,628) |
| 2023 special dividend proposed | – | – | – | – | – | – | – | – | – | – | – | (215,543) | 215,543 | – | – | – |
| 2023 final dividend proposed | – | – | – | – | – | – | – | – | – | – | – | (107,771) | 107,771 | – | – | – |
| At 31 December 2023 | 41,451 | 2,026,521 | – | – | – | 1,044 | 72,979 | 8,598 | 249,726 | 15,656 | (964,416) | 13,916,174 | 323,314 | 15,691,047 | 112,911 | 15,803,958 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before taxation | | **1,036,011** | 3,412,991 |
| Adjustments for: | | | |
| Depreciation of investment properties | 19 | **4,790** | 4,990 |
| Depreciation of property, plant and equipment | 17 | **372,729** | 388,676 |
| Depreciation of right-of-use assets | 18 | **224,621** | 230,921 |
| Amortization of intangible assets | 21 | **111,041** | 114,012 |
| Gain on disposal/write-off of property, plant and equipment | 8 | **(3,799)** | (1,345) |
| Gains on derecognition and modification of leases | 8 | **(9,163)** | (123) |
| Loss (gain) on fair value change of derivative financial instruments | | **14,603** | (63,093) |
| Share of result of a joint venture | | **(11,246)** | (163,338) |
| Gain on fair value change of derivative relating to share adjustment on earn-out clause in a joint venture | 8 | **(20,415)** | (11,953) |
| Warranty provision expenses | | **104,158** | 181,298 |
| Restructuring costs | | **41,554** | — |
| Share-based payments under the Scheme | | **177,635** | 212,743 |
| Interest income | | **(82,816)** | (32,248) |
| Finance costs | | **137,888** | 119,936 |
| Effect of foreign exchange rate changes on inter-company balances | | **49,655** | 64,850 |
| Operating cash flows before movements in working capital | | **2,147,246** | 4,458,317 |
| Decrease in pledged bank deposits | | **581** | 617 |
| Decrease (increase) in inventories | | **1,184,204** | (263,092) |
| Decrease in trade and other receivables | | **651,092** | 1,196,318 |
| Decrease in other non-current assets | | **—** | 3,323 |
| Decrease in trade liabilities and other payables | | **(545,252)** | (636,624) |
| Decrease in advance payments from customers | | **(215,722)** | (605,010) |
| Increase (decrease) in amounts due from/to a joint venture and its affiliates | | **30,100** | (6,981) |
| Increase (decrease) in other liabilities and accruals | | **19,330** | (60,735) |
| Increase in other provisions | | **3,986** | 12,944 |
| Utilization of warranty provision | | **(167,119)** | (180,013) |
| Utilization of restructuring provision | | **(55,283)** | (16,368) |
| Decrease in retirement benefit obligations | | **(37,658)** | (122,554) |
| Purchase of shares under the Scheme | | **(22,839)** | (33,280) |
| Cash generated from operations | | **2,992,666** | 3,746,862 |
| Income taxes paid | | **(661,460)** | (897,600) |
| Income taxes refunded | | **16,772** | 93,245 |
| **Net cash from operating activities** | | **2,347,978** | 2,942,507 |

# CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Interest received | | **82,816** | 32,248 |
| Proceeds on disposals of property, plant and equipment | | **16,889** | 30,596 |
| Placement of long-term bank deposits | | **(2,158)** | (14,450) |
| Withdrawal of long-term bank deposits | | **14,450** | — |
| Purchase of property, plant and equipment | | **(363,340)** | (422,009) |
| Deposits paid for acquisition of property, plant and equipment | | **(13,745)** | (31,529) |
| Additions of intangible assets | | **(77,614)** | (41,066) |
| Net cash outflow arising on acquisitions of subsidiaries | *39* | **(25,430)** | (178,808) |
| Refund of rental deposits | | **2,011** | 694 |
| Payments for rental deposits | | **(1,695)** | (1,658) |
| Additions of other investments | | **(28,111)** | (11,478) |
| Payment of bank deposits with original maturity of more than three months | | **(468,277)** | (171,674) |
| Withdrawal of bank deposits with original maturity of more than three months | | **256,779** | 210,297 |
| **Net cash used in investing activities** | | **(607,425)** | (598,837) |
| **Financing activities** | | | |
| Bank borrowings raised | | **38,994** | 796,211 |
| Repayment of bank borrowings | | **(289,221)** | (1,246,095) |
| Repayment of lease liabilities | | **(194,130)** | (205,364) |
| Dividends paid | | **(1,035,386)** | (1,609,551) |
| Payment on repurchase of shares | | **—** | (168,199) |
| Payments for finance costs | | **(137,888)** | (119,936) |
| **Net cash used in financing activities** | | **(1,617,631)** | (2,552,934) |
| Net increase (decrease) in cash and cash equivalents | | **122,922** | (209,264) |
| Cash and cash equivalents at beginning of the year | | **4,262,886** | 4,681,090 |
| Effect of foreign exchange rate changes | | **48,249** | (208,940) |
| Cash and cash equivalents at end of the year, represented by bank balances and cash | | **4,434,057** | 4,262,886 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

ASMPT Limited (the "Company") is an exempted company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited ("The Stock Exchange"). The corporate headquarters of the Company is located at 2 Yishun Avenue 7, Singapore 768924, Republic of Singapore. The registered address of the Company is JTC (Cayman) Limited, 94 Solaris Avenue, 2nd Floor, Camana Bay, P.O. Box 30745, Grand Cayman KY1-1203, Cayman Islands, and the address of the principal place of business of the Company in Hong Kong (where its shares are listed) is 19/F, Gateway ts, 8 Cheung Fai Road, Tsing Yi, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are engaged in the design, manufacture and marketing of machines and tools used in semiconductor and electronics assembly industries. The principal subsidiaries and their activities are set out in note 47.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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 consolidated financial statements:

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

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

# 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

## New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of *Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* ("HKAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognized 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 utilized) 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, except that the Group disclose the related deferred tax assets of HK$242,106,000 and deferred tax liabilities of HK$215,475,000 as at 1 January 2022 on a gross basis in note 37 but it has no impact on the retained profits at the earliest period presented.

2.2 Impacts on application of *Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules*

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. Accordingly, the Group neither recognize nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The application of the amendments has had no material impact on the Group's financial positions and financial performance for the year ended 31 December 2023.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

### New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.2 Impacts on application of *Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules* (Continued)

As at 31 December 2023, the government of certain European countries such as Germany, Portugal and United Kingdom, Japan, Korea, Malaysia and Vietnam, where the group entities are incorporated, enacted the Pillar Two income tax legislation effective on or after 1 January 2024. There is no impact on profit and tax expense of the Group for the year ended 31 December 2023. Under the legislation, the Group will be required to pay top-up tax on profits of subsidiaries that are taxed at an effective tax rate of less than 15 per cent calculated based on the specific adjustments envisaged in the Pillar Two legislation, which may give rise to different effective tax rates compared to those calculated based on accounting profit. Accordingly, the impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the year ended 31 December 2023 may have been significantly different.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

2.3 Impacts on application of *Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback[2] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2] |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants[2] |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements[2] |
| Amendments to HKAS 21 | Lack of Exchangeability[3] |

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

### Amendments to HKFRSs in issue but not yet effective (Continued)

***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")*** (Continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Basis of preparation of consolidated financial statements (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment* ("HKFRS 2"), leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("HKFRS 16") and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets* ("HKAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

### Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2023, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework except for transactions and events within the scope of HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* ("HKAS 37") or HK(IFRIC)-Int 21 *Levies* ("HK(IFRIC)-Int 21"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of a joint venture is described below.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

#### Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

A contract liability, i.e. advance payments from customers and deferred income (included in trade liabilities and other payables), represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

*Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

<u>Input method</u>

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognize revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

*Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligation (including sales of goods, installation of equipment, training services and rights to purchase certain amounts of spare parts for free), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production of goods, or for administrative purposes (other than freehold land, leasehold improvements in progress and property, plant and equipment under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated and are measured at cost less subsequent accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets other than freehold land, leasehold improvements in progress and construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Property, plant and equipment (Continued)

*Property, plant and equipment under development for future owner-occupied purpose*

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

*Ownership interests in leasehold land and building*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment property over its estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Intangible assets

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful life are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequently accumulated impairment losses.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with carrying amount of the relevant cash generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of semiconductor solutions and materials is calculated using the first-in, first-out method. Cost of surface mount technology equipment is calculated using either on a first-in, first-out or weighted average method, depending on the type of inventory. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

*Restructurings*

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

*Warranties*

Provisions for the expected cost of assurance-type warranty obligations under the relevant sale of contracts with customers for sales of goods are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Leases

*Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Leases (Continued)

*The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Leases (Continued)

*The Group as a lessee (Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Financial assets*

<u>Classification and subsequent measurement of financial assets</u>

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 *Business Combinations* ("HKFRS 3") applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments (Continued)

*Financial assets (Continued)*

Classification and subsequent measurement of financial assets (Continued)

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI, i.e. other investments, are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including long-term bank deposits, trade and other receivables, amounts due from a joint venture and its affiliates, rental deposits paid, pledged bank deposits, bank deposits with original maturity of more than three months and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments (Continued)

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments (Continued)

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment in lifetime ECL, the Group takes into consideration the past due information and relevant credit information.

The Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments (Continued)

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognized through a loss allowance account.

*Derecognition of financial assets*

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

*Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at amortized cost

The Group's other financial liabilities, including trade liabilities and other payables, amounts due to a joint venture and its affiliates, bank borrowings and other liabilities, are subsequently measured at amortized cost using the effective interest method.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Financial instruments (Continued)

*Obligation arising from a contract to acquire non-controlling interests*

The gross financial liability arising from contract to acquire non-controlling interests is recognized when contractual obligation to repurchase the shares in a subsidiary is established. The liability for the share redemption amount is initially recognized and measured at present value of the estimated repurchase price with the corresponding debit to the non-controlling interests. Subsequent to initial recognition, the remeasurement of the present value of the estimated gross obligation under the forward contract to acquire the non-controlling interests from the non-controlling shareholders is recognized in profit or loss.

*Derecognition of financial liabilities*

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

*Derivative financial instruments*

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

*Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Hedge accounting (Continued)

*Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses, net' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

*Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transactions is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Share-based payment arrangements

*Equity-settled share-based payment transactions*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting periods, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve).

At the end of the reporting period, the Group revised its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

At the time when the equity instruments are subsequently vested and issued, the amount previously recognized in the employee share-based compensation reserve will be transferred to share capital and share premium.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Share-based payment arrangements (Continued)

*Awarded shares held under share award scheme granted to members of the management of the Group for their services to the Group*

Shares purchased under the share award scheme are initially recognized in equity (shares held for share award scheme) at fair value of consideration paid including the transaction costs at the date of purchase.

The fair value of services received from directors and employees determined by reference to the fair value of awarded shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the time when the awarded shares are vested, the difference on the amounts previously recognized in shares held for share award scheme and the amount recognized in employee share-based compensation reserve is transferred to retained profits.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants relating to compensations of expenses are deducted from the related expenses, other government grants are presented under "other income".

Employee benefits

*Retirement benefit costs*

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Occupational Retirement Schemes Ordinance ("ORSO Scheme")/the Mandatory Provident Fund Scheme ("MPF Scheme") are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

Employee benefits (Continued)

*Retirement benefit costs (Continued)*

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognized when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presented the first two components of defined benefit costs in profit or loss. Curtailment gains or losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Impairment of goodwill and intangible assets with indefinite useful life

Determining whether goodwill and intangible assets with indefinite useful life is impaired requires an estimation of the recoverable amount of the cash-generating units (the "CGUs") to which goodwill and intangible assets with indefinite useful life has been allocated, which is the higher of the value in use or fair value less cost of disposal. The value-in-use is determined based on the cash flow projection for the CGUs discounted to its present value and requires the use of key assumptions, including sales growth rates, gross profit margin rates, terminal growth rates and discount rates applied to the cash flow projection. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of the future cash flows or upward revision of the discount rate, a material impairment loss may arise.

The carrying amount of goodwill and intangible assets with indefinite useful life as at 31 December 2023 was HK$974,918,000 (2022: HK$928,313,000) and HK$395,645,000 (2022: HK$394,100,000), respectively. No impairment was recognized on goodwill during the year ended 31 December 2023 and 2022. No impairment was provided on intangible assets with indefinite useful life for both years ended 31 December 2023 and 2022. Details of the recoverable amount calculations are set out in note 22.

### Provisions

Significant estimates are involved in the determination of provision related to warranty costs, restructuring costs and legal proceedings. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the reporting date, whether it is more likely than not that such warranty service, restructuring and legal proceedings will result an outflow of resources and whether the amount of the obligation can be reliably estimated with reference to the relevant correspondences and contracts with customers/counterparties. The management estimates the cost for rectification work, restructuring and legal proceedings with regard to the Group's experience in addressing such matters. As at 31 December 2023, the Group recognized provisions, including warranty provision, restructuring provision and obligation in relation to litigation amounting to HK$221,897,000 (2022: HK$282,189,000), HK$6,908,000 (2022: HK$20,923,000) and HK$39,056,000 (2022: HK$38,985,000) respectively (see note 32).

## 5. REVENUE

### Disaggregation of revenue from contracts with customers

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Sales of goods and services | | |
| Semiconductor solutions | **6,365,130** | 10,104,838 |
| Surface mount technology solutions | **8,332,359** | 9,258,657 |
| | **14,697,489** | 19,363,495 |

The Group sells different equipment in the semiconductor and electronics assembly industries.

The revenue from semiconductor solutions business mainly includes the sales of standard products, and new or highly customized equipment. The revenue also includes service income from the provision of equipment installation services and training services.

The revenue from sales of standard products, including standard equipment and software, are recognized when control of the goods has transferred, being the time when the goods have been delivered.

The revenue from sales of new or highly customized equipment is recognized when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment.

The revenue from sales of customer-specific-software in relation to surface mount technology solutions is recognized over time (percentage of completion by reference to direct costs incurred). The Group's work on the customer-specific-software does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for the performance completed to date. The Group fulfills the performance obligation of provision of maintenance services, equipment installation services and training services by completing the services for its customers. The revenue from services is recognized over time when relevant services are rendered.

The performance obligations of goods and services provided by the Group are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Sales-related warranties associated with equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37.

## 6. 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 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 organized 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 revenues and results

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

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Segment revenue from external customers | | |
| Semiconductor solutions | **6,365,130** | 10,104,838 |
| Surface mount technology solutions | **8,332,359** | 9,258,657 |
| | **14,697,489** | 19,363,495 |
| Segment (loss) profit | | |
| Semiconductor solutions | **(44,058)** | 1,652,629 |
| Surface mount technology solutions | **1,432,928** | 1,825,566 |
| | **1,388,870** | 3,478,195 |
| Interest income | **82,816** | 32,248 |
| Finance costs | **(137,888)** | (119,936) |
| Share of result of a joint venture | **11,246** | 163,338 |
| Unallocated other income | **20,261** | 24,162 |
| Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts | **(63,103)** | 84,995 |
| Unallocated general and administrative expenses | **(200,752)** | (177,185) |
| Unallocated other gains | **29,537** | 3,222 |
| Other expenses | **(94,976)** | (76,048) |
| Profit before taxation | **1,036,011** | 3,412,991 |

No analysis of the Group's assets and liabilities (except for additions to property, plant and equipment, right-of-use assets and intangible assets) by operating segments is disclosed as they are not regularly provided to the CODM for review.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, share of result of a joint venture, unallocated other income, unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts, unallocated general and administrative expenses, unallocated other gains and other expenses.

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

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information (included in the segment profit or loss or regularly provided to the CODM)

2023

| | Semiconductor solutions HK$'000 | Surface mount technology solutions HK$'000 | Unallocated general and administrative expenses HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| Amounts regularly provided to CODM: | | | | |
| Additions of property, plant and equipment and right-of-use assets | 283,829 | 784,990 | — | 1,068,819 |
| Additions of intangible assets | 73,738 | 3,876 | — | 77,614 |
| Amounts included in the measure of segment profit or loss: | | | | |
| Amortization for intangible assets | 55,764 | 55,277 | — | 111,041 |
| Depreciation for property, plant and equipment and right-of-use assets | 390,819 | 205,253 | 1,278 | 597,350 |
| Depreciation for investment properties | — | — | 4,790 | 4,790 |
| (Gains) losses on disposal/write-off of property, plant and equipment | (4,138) | 391 | (52) | (3,799) |
| Gain on derecognition and modification of leases | — | — | (9,163) | (9,163) |
| Research and development expenses | 1,254,772 | 793,030 | — | 2,047,802 |
| Share-based payments | 128,745 | 25,164 | 23,726 | 177,635 |

2022

| | Semiconductor solutions HK$'000 | Surface mount technology solutions HK$'000 | Unallocated general and administrative expenses HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| Amounts regularly provided to CODM: | | | | |
| Additions of property, plant and equipment and right-of-use assets | 329,695 | 313,072 | — | 642,767 |
| Additions of intangible assets | 40,469 | 597 | — | 41,066 |
| Amounts included in the measure of segment profit: | | | | |
| Amortization for intangible assets | 57,406 | 56,606 | — | 114,012 |
| Depreciation for property, plant and equipment and right-of-use assets | 414,911 | 203,403 | 1,283 | 619,597 |
| Depreciation for investment properties | — | — | 4,990 | 4,990 |
| (Gains) losses on disposal/write-off of property, plant and equipment | (676) | 347 | (1,016) | (1,345) |
| Research and development expenses | 1,327,404 | 699,074 | — | 2,026,478 |
| Share-based payments | 157,357 | 22,977 | 32,409 | 212,743 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION (CONTINUED)

### Geographical information

The information of the Group's non-current assets by geographical location of assets are detailed below:

| | Non-current assets | |
|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 |
| China (including Hong Kong) | **1,955,840** | 2,084,052 |
| Europe | **1,586,194** | 1,027,253 |
| — Germany | **1,155,737** | 704,322 |
| — United Kingdom | **152,401** | 151,684 |
| — Portugal | **150,896** | 121,520 |
| — Hungary | **92,394** | 15,700 |
| — Others | **34,766** | 34,027 |
| Singapore | **912,316** | 894,186 |
| Malaysia | **391,756** | 451,455 |
| Americas | **456,105** | 439,248 |
| — United States of America ("USA") | **445,976** | 431,349 |
| — Others | **10,129** | 7,899 |
| Others | **38,269** | 53,321 |
| | **5,340,480** | 4,949,515 |

*Note:* Non-current assets excluded goodwill, interest in a joint venture, financial instruments and deferred tax assets.

## 6. SEGMENT INFORMATION (CONTINUED)

### Geographical information (Continued)

The Group's revenue from external customers by location of customers are detailed below:

| | Revenue from external customers | |
|---|---|---|
| | 2023 HK$'000 | 2022 HK$'000 |
| China (including Hong Kong) | 4,486,377 | 8,081,678 |
| Europe | 4,187,402 | 3,441,866 |
| — Germany | 1,340,782 | 1,110,151 |
| — Austria | 470,146 | 174,481 |
| — Hungary | 319,899 | 355,720 |
| — Romania | 315,882 | 251,451 |
| — France | 190,538 | 210,425 |
| — Czech Republic | 149,104 | 99,351 |
| — Poland | 126,840 | 191,294 |
| — Netherland | 125,736 | 175,272 |
| — Others | 1,148,475 | 873,721 |
| Americas | 2,700,069 | 2,242,479 |
| — USA | 2,065,446 | 1,585,292 |
| — Mexico | 233,397 | 271,310 |
| — Canada | 171,297 | 93,901 |
| — Others | 229,929 | 291,976 |
| Malaysia | 905,359 | 1,763,446 |
| Taiwan | 503,945 | 1,171,404 |
| Korea | 484,603 | 581,579 |
| Thailand | 377,771 | 487,428 |
| Japan | 301,982 | 652,903 |
| India | 258,057 | 185,843 |
| Vietnam | 198,714 | 307,701 |
| Singapore | 153,184 | 116,571 |
| Philippines | 109,823 | 278,765 |
| Others | 30,203 | 51,832 |
| | 14,697,489 | 19,363,495 |

No individual customer contributes to more than 10% of the total revenue of the Group for both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 7. RESEARCH AND DEVELOPMENT EXPENSES

Included in research and development expenses are mainly depreciation for property, plant and equipment of HK$60,754,000 (2022: HK$72,251,000), and staff costs of HK$1,378,084,000 (2022: HK$1,346,609,000) for the year ended 31 December 2023.

## 8. OTHER GAINS AND LOSSES, NET

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| The gains and losses, net comprise: | | |
| Net foreign exchange (loss) gain | **(71,824)** | 167,261 |
| Gain (loss) on fair value change of foreign currency forward contracts | **8,721** | (82,266) |
| Gain on disposal/write-off of property, plant and equipment | **3,799** | 1,345 |
| Gain on derecognition and modification of leases | **9,163** | 123 |
| Gain on fair value change of derivative relating to share adjustment on earn-out clause in a joint venture | **20,415** | 11,953 |
| Others | **(41)** | (11,870) |
| | **(29,767)** | 86,546 |

## 9. OTHER EXPENSES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Restructuring costs *(Note a)* | **41,554** | — |
| Other expenses *(Note b)* | **53,422** | 76,048 |
| | **94,976** | 76,048 |

*Notes:*

(a) During the year ended 31 December 2023, related to compensation to employees due to targeted headcount reduction of HK$41,554,000 (2022: nil) was charged to restructuring costs.

(b) During the year ended 31 December 2023, consultancy costs of HK$27.8 million (2022: HK$49.6 million) relating to the progressive implementation of several strategic initiatives across the Group were charged to other expenses. The key objective of these strategic initiatives is to drive the Group's long term organizational efficiency, along with strengthening its overall agility, resilience, and sustainability. As such, the Group is confident that these strategic initiatives will deliver long term value creation. These consultancy costs were assessed by the management as incurred outside of core operations of the Group and not related to other function of expenses in the consolidated statement of profit or loss.

## 10. FINANCE COSTS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Interest on bank borrowings | 112,415 | 61,123 |
| Interest on lease liabilities | 51,283 | 49,664 |
| Loans arrangement fees | 28,503 | 8,878 |
| Others | 605 | 563 |
| | 192,806 | 120,228 |
| Net gain on interest rate swaps designated as cash flow hedges | (54,918) | (292) |
| | 137,888 | 119,936 |

## 11. INCOME TAX EXPENSE

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| The charge (credit) comprises: | | |
| Current tax: | | |
| Hong Kong | 19,893 | 43,728 |
| People's Republic of China ("PRC") Enterprise Income Tax | 23,638 | 97,149 |
| Germany | 267,387 | 409,901 |
| Other jurisdictions | 130,006 | 214,273 |
| | 440,924 | 765,051 |
| (Over) under-provision in prior years: | | |
| Hong Kong | (24) | (781) |
| PRC Enterprise Income Tax | (37,465) | 18,310 |
| Germany | (3,873) | 2,692 |
| Other jurisdictions | 16,158 | 64,002 |
| | (25,204) | 84,223 |
| Deferred tax credit *(note 37)* | (91,210) | (54,350) |
| | 324,510 | 794,924 |

## 11. INCOME TAX EXPENSE (CONTINUED)

(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 years ended 31 December 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% (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.

(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% (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% (2022: 15.00%) plus 5.50% (2022: 5.50%) solidarity surcharge on the corporate income tax for the assessable profit for the year, which derives at a tax rate of 15.825% (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 11.177% to 17.150% (2022: 12.013% to 17.150%) according to the municipal in which the entity resides. Thus the aggregate tax rates are between 27.002% and 32.975% (2022: between 27.838% and 32.975%).

(e) The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

## 11. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Profit before taxation | **1,036,011** | 3,412,991 |
| Tax at the domestic income tax rate of 16.5% (2022: 16.5%) *(Note)* | **170,942** | 563,144 |
| Tax effect of share of result of a joint venture | **(1,856)** | (26,951) |
| Tax effect of expenses not deductible in determining taxable profit | **51,473** | 73,269 |
| Tax effect of income not taxable in determining taxable profit | **(36,126)** | (70,482) |
| Tax effect of tax losses not recognized | **9,073** | 5,772 |
| Tax effect of utilization of tax losses previously not recognized | **(567)** | (1,677) |
| Tax effect of recognition of temporary difference previously not recognized | **—** | (1,222) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | **190,202** | 291,993 |
| Effect of tax concessions | **(12,712)** | (141,334) |
| (Over) under-provision in prior years | **(25,204)** | 84,223 |
| Others | **(20,715)** | 18,189 |
| Tax charge for the year | **324,510** | 794,924 |

*Note:* The income tax rate (which is the Hong Kong Profits Tax rate) in the jurisdiction where one of the major operations of the Group is substantially based is used.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 12. PROFIT FOR THE YEAR

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Profit for the year has been arrived at after charging (crediting): | | |
| Directors' remunerations *(note 13)* | **29,874** | 30,570 |
| Other staff | | |
| — Salaries, wages, bonus and other benefits | **4,548,613** | 4,704,032 |
| — Pension costs | **281,766** | 284,887 |
| — Share-based payments under the Scheme | **163,887** | 198,277 |
| Total staff costs | **5,024,140** | 5,217,766 |
| Auditors' remuneration | | |
| — Deloitte Touche Tohmatsu network member firms | **17,453** | 16,554 |
| — Other auditors | **259** | 398 |
| | **17,712** | 16,952 |
| Depreciation for property, plant and equipment | **372,729** | 388,676 |
| Depreciation for right-of-use assets | **224,621** | 230,921 |
| Depreciation for investment properties | **4,790** | 4,990 |
| Amortization for intangible assets | | |
| — Included in general and administrative expenses | **1,502** | 2,942 |
| — Included in research and development expenses | **3,264** | 1,629 |
| — Included in selling and distribution expenses | **48,486** | 52,426 |
| — Included in cost of sales | **57,789** | 57,015 |
| | **111,041** | 114,012 |
| Depreciation and amortization | **713,181** | 738,599 |
| Gross rental income from investment properties | **(16,667)** | (19,165) |
| Less: Direct operating expenses from investment properties that generate rental income | **10,966** | 12,163 |
| | **(5,701)** | (7,002) |
| Government grants *(Note)* | **(45,656)** | (95,718) |
| Interest income on bank deposits | **(82,816)** | (32,248) |

*Note:* Government grants for the year ended 31 December 2023 included amounts of HK$4,006,000 (2022: HK$43,006,000), HK$14,883,000 (2022: HK$19,278,000), HK$16,488,000 (2022: HK$16,818,000) and HK$3,324,000 (2022: HK$4,718,000) which are government subsidies received from local authorities in Hong Kong, the PRC or Singapore relating to job creation and employment support, import of high technology products, development support and support for stabilizing employment, respectively. Government grants are as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs that are recognized in profit or loss in the period in which they become receivable. They are presented at net basis and are deducted to the extent of the related expenses incurred in cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the consolidated statement of profit or loss. The excess and other government grants of HK$36,969,000 (2022: HK$49,651,000) are presented under "other income".

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

| | Year ended 31 December 2023 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Executive Director and chief executive *(Note a)* | Executive Director *(Note a)* | Non-executive Directors *(Note e)* | | Independent Non-executive Directors *(Note f)* | | | | | | |
| | Robin Gerard Ng Cher Tat HK$'000 *(Note b)* | Guenter Walter Lauber HK$'000 | Paulus Antonius Henricus Verhagen HK$'000 | Benjamin Loh Gek Lim HK$'000 | Orasa Livasiri HK$'000 | John Lok Kam Chong HK$'000 | Wong Hon Yee HK$'000 | Eric Tang Koon Hung HK$'000 | Andrew Chong Yang Hsueh HK$'000 *(Note c)* | Hera Siu Kitwan HK$'000 *(Note d)* | Total HK$'000 |
| Fees | — | — | 415 | 453 | 718 | 613 | 490 | 563 | 383 | 400 | 4,035 |
| Other emoluments | | | | | | | | | | | |
| Salaries and other benefits | 13,812 | 8,659 | — | — | — | — | — | — | — | — | 22,471 |
| Contributions to retirement benefits schemes | 228 | 703 | — | — | — | — | — | — | — | — | 931 |
| Performance related incentive bonus payments *(Note g)* | 1,051 | 1,386 | — | — | — | — | — | — | — | — | 2,437 |
| Total emoluments | 15,091 | 10,748 | 415 | 453 | 718 | 613 | 490 | 563 | 383 | 400 | 29,874 |

| | Year ended 31 December 2022 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Executive Director and chief executive *(Note a)* | Executive Director *(Note a)* | Non-executive Directors *(Note e)* | | Independent Non-executive Directors *(Note f)* | | | | | | |
| | Robin Gerard Ng Cher Tat HK$'000 *(Note b)* | Guenter Walter Lauber HK$'000 | Paulus Antonius Henricus Verhagen HK$'000 | Benjamin Loh Gek Lim HK$'000 | Orasa Livasiri HK$'000 | John Lok Kam Chong HK$'000 | Wong Hon Yee HK$'000 | Eric Tang Koon Hung HK$'000 | Andrew Chong Yang Hsueh HK$'000 *(Note c)* | Hera Siu Kitwan HK$'000 *(Note d)* | Total HK$'000 |
| Fees | — | — | 400 | 443 | 723 | 610 | 488 | 560 | 160 | 163 | 3,547 |
| Other emoluments | | | | | | | | | | | |
| Salaries and other benefits | 15,164 | 7,424 | — | — | — | — | — | — | — | — | 22,588 |
| Contributions to retirement benefits schemes | 242 | 685 | — | — | — | — | — | — | — | — | 927 |
| Performance related incentive bonus payments *(Note g)* | 2,145 | 1,363 | — | — | — | — | — | — | — | — | 3,508 |
| Total emoluments | 17,551 | 9,472 | 400 | 443 | 723 | 610 | 488 | 560 | 160 | 163 | 30,570 |

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

*Notes:*

(a) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(b) Mr. Robin Gerard Ng Cher Tat is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(c) Mr. Andrew Chong Yang Hsueh was appointed as an independent non-executive director of the Company on 21 July 2022.

(d) Ms. Hera Siu Kitwan was appointed as an independent non-executive director of the Company on 1 August 2022.

(e) The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(f) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(g) The performance related incentive bonus payments are determined with reference to the operating results, individual performance and comparable market statistics in both years.

During the year ended 31 December 2023, 182,700 (2022: 208,900) Awarded Shares (as defined in note 35) were granted to certain executive directors in respect of their services to the Group under the Scheme (as defined in note 35). The Group recognized total expenses of HK$13,748,000 (2022: HK$14,466,000) in relation to the Scheme which was amortized to the consolidated statement of profit or loss during the year and included in salaries and other benefits to the executive directors above. The market value for these Awarded Shares as at their vesting date was amounted to HK$14,452,000 (2022: HK$12,179,000), which was calculated with reference to the closest trading price of the Company's share of HK$79.10 (2022: HK$58.30) per share. For details regarding the Awarded Shares, please refer to note 35.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

## 14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group are as follows:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Salaries and other benefits | **38,752** | 43,075 |
| Contributions to retirement benefits schemes | **1,082** | 1,079 |
| Performance related incentive bonus payments | **5,002** | 6,477 |
| | **44,836** | 50,631 |

For the year ended 31 December 2023, 265,100 (2022: 362,300) shares of the Company were granted to five highest paid employees in respect of their services to the Group under the Scheme. Details of the Scheme are set out in note 35 to the Group's consolidated financial statements. The Group recognized expenses of these shares amounting to HK$19,949,000 (2022: HK$25,089,000) in relation to the Scheme (as defined in note 35) which was included in salaries and other benefits above for the year ended 31 December 2023.

The five highest paid employees whose remuneration fell within the following bands is as follows:

| | Number of employees | |
|---|---|---|
| | **2023** | 2022 |
| HK$5,000,001 to HK$5,500,000 | **1** | — |
| HK$6,000,001 to HK$6,500,000 | **1** | — |
| HK$7,000,001 to HK$7,500,000 | **1** | 2 |
| HK$9,000,001 to HK$9,500,000 | **—** | 2 |
| HK$10,500,001 to HK$11,000,000 | **1** | — |
| HK$15,000,001 to HK$15,500,000 | **1** | — |
| HK$17,500,001 to HK$18,000,000 | **—** | 1 |

During the year ended 31 December 2023, the five highest paid employees of the Group included two (2022: two) directors. Details of the emoluments of the directors for services rendered by them as directors are set out in note 13.

## 15. DIVIDENDS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| **Dividends recognized as distribution during the year** | | |
| Interim dividend for 2023 paid of HK$0.61 (2022: HK$1.30) per share on 412,504,333 (2022: 412,705,333) shares | **251,628** | 536,517 |
| 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 | **783,758** | 1,073,034 |
| | **1,035,386** | 1,609,551 |

Subsequent to the end of the reporting period, a final dividend of HK$0.26 (2022: final dividend of HK$1.90) per share and a special dividend of HK$0.52 per share (2022: nil) in respect of the year ended 31 December 2023 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| **Dividends proposed subsequent to the end of the reporting period** | | |
| Proposed final dividend for 2023 of HK$0.26 (2022: HK$1.90) per share on 414,505,433 (2022: 412,504,333) shares | **107,771** | 783,758 |
| Proposed special dividend for 2023 of HK$0.52 per share on 414,505,433 shares (2022: nil) | **215,543** | — |

## 16. 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:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company) | **715,353** | 2,620,251 |

| | Number of shares (in thousands) | |
|---|---|---|
| | 2023 | 2022 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **412,372** | 411,667 |
| Effect of dilutive potential shares: | | |
| — Employee Share Incentive Scheme | **1,746** | 2,369 |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | **414,118** | 414,036 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land outside Hong Kong HK$'000 | Buildings outside Hong Kong HK$'000 | Leasehold improvements HK$'000 | Plant and machinery HK$'000 | Furniture, fixtures and equipment HK$'000 | Machinery for leases HK$'000 | Construction in progress HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | |
| At 1 January 2022 | 15,969 | 1,338,165 | 748,828 | 3,698,606 | 100,413 | 96,181 | 40,719 | 6,038,881 |
| Currency realignment | (321) | (76,760) | (2,464) | (181,893) | (7,371) | (10,168) | (7,923) | (286,900) |
| Acquired on acquisition of a subsidiary *(note 39)* | — | — | — | 5,598 | 16 | — | — | 5,614 |
| Additions | — | — | 86,163 | 204,163 | 3,745 | — | 127,938 | 422,009 |
| Transfer to inventories | — | — | — | — | — | (40,673) | — | (40,673) |
| Disposals | — | — | (1,522) | (92,835) | (1,677) | — | — | (96,034) |
| Write-off | — | — | (11,213) | (31,423) | (5,774) | — | — | (48,410) |
| At 31 December 2022 | 15,648 | 1,261,405 | 819,792 | 3,602,216 | 89,352 | 45,340 | 160,734 | 5,994,487 |
| Currency realignment | 179 | (13,764) | 1,155 | 1,502 | 2,930 | (1,149) | (4,041) | (13,188) |
| Acquired on acquisition of a subsidiary *(note 39)* | — | — | — | 840 | — | — | — | 840 |
| Additions | — | — | 103,638 | 200,966 | 14,138 | — | 47,742 | 366,484 |
| Transfer to inventories | — | — | — | — | — | (31,423) | — | (31,423) |
| Transfer | — | 192,301 | — | — | — | — | (192,301) | — |
| Disposals | — | — | (4,682) | (117,435) | (760) | — | — | (122,877) |
| Write-off | — | — | (19,748) | (73,258) | (8,288) | — | (12,134) | (113,428) |
| At 31 December 2023 | 15,827 | 1,439,942 | 900,155 | 3,614,831 | 97,372 | 12,768 | — | 6,080,895 |
| **DEPRECIATION AND IMPAIRMENT** | | | | | | | | |
| At 1 January 2022 | — | 414,376 | 462,077 | 2,702,697 | 67,621 | 42,928 | 12,134 | 3,701,833 |
| Currency realignment | — | (21,426) | (3,070) | (147,455) | (6,027) | (4,004) | — | (181,982) |
| Provided for the year | — | 27,236 | 76,576 | 259,419 | 8,130 | 17,315 | — | 388,676 |
| Transfer to inventories | — | — | — | — | — | (29,482) | — | (29,482) |
| Eliminated on disposals | — | — | (1,232) | (73,835) | (1,381) | — | — | (76,448) |
| Eliminated on write-off | — | — | (8,049) | (25,070) | (5,626) | — | — | (38,745) |
| At 31 December 2022 | — | 420,186 | 526,302 | 2,715,756 | 62,717 | 26,757 | 12,134 | 3,763,852 |
| Currency realignment | — | (1,615) | 402 | 3,466 | 2,089 | (865) | — | 3,477 |
| Provided for the year | — | 29,165 | 88,712 | 239,312 | 6,887 | 8,653 | — | 372,729 |
| Transfer to inventories | — | — | — | — | — | (25,513) | — | (25,513) |
| Eliminated on disposals | — | — | (4,603) | (110,051) | (362) | — | — | (115,016) |
| Eliminated on write-off | — | — | (17,036) | (71,114) | (7,916) | — | (12,134) | (108,200) |
| At 31 December 2023 | — | 447,736 | 593,777 | 2,777,369 | 63,415 | 9,032 | — | 3,891,329 |
| **CARRYING VALUES** | | | | | | | | |
| At 31 December 2023 | 15,827 | 992,206 | 306,378 | 837,462 | 33,957 | 3,736 | — | 2,189,566 |
| At 31 December 2022 | 15,648 | 841,219 | 293,490 | 886,460 | 26,635 | 18,583 | 148,600 | 2,230,635 |

The above items of property, plant and equipment, except for freehold land and construction in progress, after taking into account the residual values are depreciated on a straight-line basis at the following rates per annum:

| | |
|---|---|
| Buildings | 2% to 4.5% or over the lease terms if shorter |
| Leasehold improvements | 10% to $33^1/_3$% or over the lease terms if shorter |
| Plant and machinery | 10% to $33^1/_3$% |
| Furniture, fixtures and equipment | 10% to 20% |
| Machinery for leases | 25% |

As at 31 December 2023 and 2022, the directors of the Company are of the opinion that there is no impairment should be provided for the property, plant and equipment nor any indicator that impairment previously recorded should be reversed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 18. RIGHT-OF-USE ASSETS

| | Leasehold land HK$'000 | Land and buildings HK$'000 | Motor vehicles HK$'000 | Others HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **As at 31 December 2023** | | | | | |
| Carrying amount | **234,322** | **1,775,901** | **24,061** | **12,138** | **2,046,422** |
| **As at 31 December 2022** | | | | | |
| Carrying amount | 236,104 | 1,290,231 | 14,038 | 12,968 | 1,553,341 |
| **For the year ended 31 December 2023** | | | | | |
| Depreciation charge | **7,666** | **202,911** | **12,000** | **2,044** | **224,621** |
| Expense relating to short-term leases | | | | | **21,457** |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | | | | | **10,485** |
| Total cash outflow for leases *(Note)* | | | | | **277,355** |
| Additions to right-of-use assets | | | | | **702,335** |
| **For the year ended 31 December 2022** | | | | | |
| Depreciation charge | 7,736 | 206,662 | 10,596 | 5,927 | 230,921 |
| Expense relating to short-term leases | | | | | 7,127 |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | | | | | 6,358 |
| Total cash outflow for leases *(Note)* | | | | | 268,513 |
| Additions to right-of-use assets | | | | | 220,758 |

*Note:* Amount includes payments of principal of lease liabilities, short-term leases and low-value assets of HK$226,072,000 (2022: HK$218,849,000) and interest portion of HK$51,283,000 (2022: HK$49,664,000) of lease liabilities. These amounts are presented in operating or financing cash flows.

For both years, the Group leases leasehold lands, land and buildings, motor vehicles and others for its operations. Except for land leased from the Singapore Housing & Development Board for a period of 30 years (renewable upon mutual agreement on expiry for a further term of 30 years), other leases are negotiated for an average term of 12 months to 50 years (2022: 14 months to 50 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 18. RIGHT-OF-USE ASSETS (CONTINUED)

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for land and buildings, motor vehicle and equipment. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

### Extension and termination options

The Group has extension and/or termination options in a number of leases for various premises, motor vehicles and others. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for (i) extension options in which the Group is not reasonably certain to exercise and (ii) termination options in which the Group is not reasonably certain not to exercise is summarized below:

| | Lease liabilities recognized as at 31 December 2023 HK$'000 | Potential future lease payments not included in lease liabilities as at 31 December 2023 (undiscounted) HK$'000 | Lease liabilities recognized as at 31 December 2022 HK$'000 | Potential future lease payments not included in lease liabilities as at 31 December 2022 (undiscounted) HK$'000 |
|---|---|---|---|---|
| Premises | **1,435,303** | **44,940** | 780,937 | 22,938 |
| Motor vehicles | **2,175** | **543** | 1,661 | 529 |
| Others | **489** | **85** | 2,820 | 86 |

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2023 and 2022, there is no such triggering event.

## 19. INVESTMENT PROPERTIES

| | HK$'000 |
|---|---|
| **COST** | |
| At 1 January 2022 | 156,449 |
| Currency realignment | (10,657) |
| At 31 December 2022 | 145,792 |
| Currency realignment | (4,215) |
| At 31 December 2023 | 141,577 |
| **DEPRECIATION** | |
| At 1 January 2022 | 75,998 |
| Currency realignment | (4,681) |
| Provided for the year | 4,990 |
| At 31 December 2022 | 76,307 |
| Currency realignment | (2,780) |
| Provided for the year | 4,790 |
| At 31 December 2023 | 78,317 |
| **CARRYING VALUES** | |
| At 31 December 2023 | 63,260 |
| At 31 December 2022 | 69,485 |

The Group leases out various offices and manufacturing plants under operating leases with rental payable monthly.

The Group's property interests held to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2023 were HK$226,338,000 (2022: HK$217,996,000). The fair value has been arrived at based on valuation carried out by Cushman & Wakefield Limited, an independent firm of qualified professional valuers not connected with the Group with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant location. The valuations were arrived at using income capitalization approach. The income capitalization approach is calculated by capitalizing the rental income derived from the existing tenancies with due provision for any reversionary income potential. There has been no change of the valuation technique used from the prior year.

## 19. INVESTMENT PROPERTIES (CONTINUED)

In estimating the fair value of the properties, the highest and best use of the properties is their current use. Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

| | Fair value at level 3 hierarchy as at | |
|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 |
| Research and development center located in the PRC | **120,944** | 108,256 |
| Manufacturing plant building located in Malaysia | **105,394** | 109,740 |
| | **226,338** | 217,996 |

Investment properties are depreciated over the lease terms of 48 years or 22 years (2022: 48 years or 22 years) on a straight-line basis.

## 20. GOODWILL

| | **HK$'000** |
|---|---|
| **COST** | |
| At 1 January 2022 | 1,173,951 |
| Arising on acquisition of subsidiaries *(note 39)* | 22,185 |
| Currency realignment | (20,403) |
| At 31 December 2022 | 1,175,733 |
| Arising on acquisition of subsidiaries *(note 39)* | 40,913 |
| Currency realignment | 5,692 |
| At 31 December 2023 | 1,222,338 |
| **IMPAIRMENT** | |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | 247,420 |
| **CARRYING VALUES** | |
| At 31 December 2023 | 974,918 |
| At 31 December 2022 | 928,313 |

Particulars regarding impairment testing on goodwill are disclosed in note 22.

## 21. INTANGIBLE ASSETS

| | Sales backlog HK$'000 | Trade name HK$'000 | Technology HK$'000 | Customer bases HK$'000 | Licenses and similar rights HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| **COST** | | | | | | |
| At 1 January 2022 | — | 396,301 | 599,504 | 489,305 | 111,805 | 1,596,915 |
| Currency realignment | 20 | (2,201) | (11,423) | (5,309) | (5,469) | (24,382) |
| Acquired on acquisition of subsidiaries *(note 39)* | 4,679 | — | 29,632 | 59,265 | — | 93,576 |
| Additions | — | — | — | — | 41,066 | 41,066 |
| Write-off | (4,699) | — | — | — | — | (4,699) |
| At 31 December 2022 | — | 394,100 | 617,713 | 543,261 | 147,402 | 1,702,476 |
| Currency realignment | — | 1,545 | 3,611 | 3,522 | 744 | 9,422 |
| Acquired on acquisition of subsidiaries *(note 39)* | — | — | 7,783 | — | — | 7,783 |
| Additions | — | — | — | — | 77,614 | 77,614 |
| Write-off | — | — | — | — | (38) | (38) |
| At 31 December 2023 | — | 395,645 | 629,107 | 546,783 | 225,722 | 1,797,257 |
| **AMORTIZATION** | | | | | | |
| At 1 January 2022 | — | — | 255,449 | 202,111 | 104,356 | 561,916 |
| Currency realignment | — | — | (3,790) | (1,861) | (4,865) | (10,516) |
| Charge for the year | 4,699 | — | 56,383 | 47,719 | 5,211 | 114,012 |
| Eliminated on write-off | (4,699) | — | — | — | — | (4,699) |
| At 31 December 2022 | — | — | 308,042 | 247,969 | 104,702 | 660,713 |
| Currency realignment | — | — | 2,473 | 1,645 | 957 | 5,075 |
| Charge for the year | — | — | 57,354 | 48,463 | 5,224 | 111,041 |
| Eliminated on write-off | — | — | — | — | (29) | (29) |
| At 31 December 2023 | — | — | 367,869 | 298,077 | 110,854 | 776,800 |
| **CARRYING VALUES** | | | | | | |
| At 31 December 2023 | — | 395,645 | 261,238 | 248,706 | 114,868 | 1,020,457 |
| At 31 December 2022 | — | 394,100 | 309,671 | 295,292 | 42,700 | 1,041,763 |

The intangible assets represent sales backlog, trade name, technology, customer bases, and licenses and similar rights of software for machines used in production.

The trade name is an intangible asset with indefinite useful life as the directors of the Company are of opinion that the Group could use the trade name continuously and has the ability to do so. The other intangible assets are amortized on a straight-line basis at below rates per annum:

| | |
|---|---|
| Technology | 7% to 10% |
| Customer bases | 7% to 10% |
| Licenses and similar rights | 20% to $33^1/_3$% |

The sales backlog are amortized over completion of the related sales orders.

## 22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

For the purposes of impairment testing, goodwill and trade name with indefinite useful life set out in notes 20 and 21, respectively, have been allocated to CGUs, comprising certain subsidiaries in the semiconductor solutions and surface mount technology solutions businesses. The carrying amounts of goodwill and trade name as at 31 December 2023 and 2022 allocated to these CGUs are as follows:

| | Goodwill | | Trade name | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| Semiconductor solutions business | | | | |
| AMICRA *(defined below)* | **—** | — | **38,401** | 38,332 |
| NEXX *(defined below)* | **218,143** | 217,746 | **78,760** | 78,617 |
| AEi *(defined below)* | **22,222** | 22,181 | **—** | — |
| | **240,365** | 239,927 | **117,161** | 116,949 |
| Surface mount technology solutions business | | | | |
| Placement and printing business | **408,517** | 407,775 | **246,522** | 246,073 |
| Borey *(defined below)* | **17,462** | N/A | **—** | N/A |
| Manufacturing execution software ("MES") business | | | | |
| Critical Manufacturing Group *(defined below)* | **218,156** | 188,882 | **26,378** | 25,414 |
| SKT *(defined below)* | **90,418** | 91,729 | **5,584** | 5,664 |
| | **734,553** | 688,386 | **278,484** | 277,151 |
| | **974,918** | 928,313 | **395,645** | 394,100 |

In addition to goodwill and trade name above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill and trade name are also included in the respective CGU for the purpose of impairment assessment.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarized below:

### Semiconductor solutions business

The recoverable amount of the CGUs have been determined based on a value in use calculation. These calculations use cash flow projections based on financial budgets approved by the directors covering a five-year period, and the pre-tax discount rate of 19.8% (2022: 19.4%) for ASMPT AMICRA GmbH ("AMICRA"), 16.6% (2022: 17.3%) for ASMPT NEXX, Inc. ("NEXX") and 16.8% (2022: 16.6%) for ASMPT AEi, Inc. ("AEi"). The cash flows beyond the five-year period are extrapolated using a steady 3% (2022: 3%) growth rate for both AMICRA, NEXX and AEi. These growth rates are based on the economic outlook and relevant industry growth forecasts. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

For AMICRA business, management of the Group determines that there are no further impairments of this CGU and no other write-down of the assets of AMICRA is considered necessary during the years ended 31 December 2023 and 2022.

## 22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE (CONTINUED)

### Semiconductor solutions business (Continued)

For NEXX and AEi business, management of the Group determines that there are no impairments of their CGUs containing goodwill or trade name with indefinite useful life during the years ended 31 December 2023 and 2022.

### Surface mount technology solutions business

The recoverable amount of the CGUs have been determined based on a value in use calculation. For placement and printing business, that calculation uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and the pre-tax discount rate of 20.5% (2022: 20.5%). The cash flows beyond the five-year period are extrapolated using a steady 2.5% (2022: 2.5%) growth rate.

For Critical Manufacturing, S.A., Soft Rock Technologies Sdn. Bhd. and Tech Rewards Solutions, S. de R.L. de C.V. (together as "Critical Manufacturing Group") and Shenzhen Shen Ke Te Information Technology Co., Ltd. ("SKT") under manufacturing execution software business and Beijing Borey Advanced Technology Co., Ltd. ("Borey"), these calculations use cash flow projections based on financial budgets approved by the directors covering a five-year period, and the pre-tax discount rate of 20.4% (2022: 21.5%) for Critical Manufacturing Group, 18.2% (2022: 17.7%) for SKT, and 14.96% for Borey. The cash flows beyond the five-year period are extrapolated using a steady 3% (2022: 3%) growth rate for Critical Manufacturing Group, SKT, and Borey. These growth rates are based on the economic outlook and relevant industry growth forecasts. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

For surface mount technology solutions business, management of the Group determines that there are no impairments of its CGUs containing goodwill or trade name with indefinite useful life during the years ended 31 December 2023 and 2022.

## 23. OTHER INVESTMENTS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Equity instruments measured at FVTOCI | | |
| — Unlisted equity securities *(Note a)* | **72,095** | 38,051 |
| Equity instruments measured at FVTPL | | |
| — Unlisted equity securities *(Note b)* | **12,651** | — |
| | **84,746** | 38,051 |

*Notes:*

(a) The above unlisted equity investments represent investment in unlisted equity investments issued by private entities incorporated in Germany and England which are denominated in Euro and US dollar respectively. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as the Group intends to hold these unlisted equity investments for long term strategic purposes.

During the year, net fair value gain of HK$2,736,000 (2022: net fair value loss of HK$35,279,000) was recognized in other comprehensive income.

(b) During the year ended 31 December 2023, unlisted equity securities represent investment in a private equity fund which are measured using valuation techniques based on unobservable inputs such as company specific financial information. A fair value gain of HK$209,000 mainly relating to exchange difference on translation of the other investment denominated in Euro as at 31 December 2023 was reported under "other gains and losses, net".

## 24. INTEREST IN A JOINT VENTURE/AMOUNTS DUE FROM (TO) A JOINT VENTURE AND ITS AFFILIATES/OTHER FINANCIAL ASSETS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Cost of investment in a joint venture | **1,240,001** | 1,240,001 |
| Share of post-acquisition profit and other comprehensive income | **281,244** | 275,965 |
| | **1,521,245** | 1,515,966 |

The amounts due from and to a joint venture and its affiliates are unsecured, non-interest bearing, and repayable on demand.

## 24. INTEREST IN A JOINT VENTURE/AMOUNTS DUE FROM (TO) A JOINT VENTURE AND ITS AFFILIATES/OTHER FINANCIAL ASSETS (CONTINUED)

Details of the Group's joint venture at the end of the reporting period are as follows:

| Name of entity | Place of incorporation/ registration | Principal place of business | Proportion of ownership interest held by the Group | | Proportion of voting rights held by the Group | | Principal activity |
|---|---|---|---|---|---|---|---|
| | | | **2023** | 2022 | **2023** | 2022 | |
| Advanced Assembly Materials International Limited ("AAMI") | Hong Kong | Hong Kong | **44.44%** | 44.44% | **44.44%** | 44.44% | Investment holding and trading of materials |

During the year ended 31 December 2020, the Group has deemed disposed of 55.56% of AAMI and AAMI became a joint venture of the Group with goodwill of HK$53,880,000 recognized.

The number of shares in AAMI held by the Group shall be adjusted in year 2024 based on whether AAMI meets certain performance targets with reference to the average adjusted earnings before interest, corporate income tax and certain items as set out in shareholders' agreement with the investors (the "Average Adjusted EBIT") of AAMI during 2021 to 2023. By reference to the latest available financial information of AAMI, AAMI has met the mutually-agreed Average Adjusted EBIT targets and the shareholding percentage of the Group in AAMI will increase to 49% through AAMI's issuance of new shares to the Group. Additionally, an incentive fee of US$5,100,000 will be paid to the Group if AAMI achieves mutually-agreed Average Adjusted EBIT target. As at 31 December 2023, the management of the Group assessed the fair value of the derivative arising from the share adjustment on the earn-out clause and the contingent consideration receivable amounted to HK$177,000,000 and HK$39,837,000 (2022: HK$156,300,000 and HK$39,765,000), respectively. These instruments are included in the derivative financial instruments and other financial assets of HK$177,000,000 and HK$39,837,000 (2022: HK$156,300,000 and HK$39,765,000) respectively in the consolidated statement of financial position.

Pursuant to the relevant shareholders' agreement, the Group has the power to appoint two directors and the joint venture's partners have the power to appoint another three directors to form the board of directors of AAMI, and the decisions about the relevant activities of AAMI require the unanimous consent of both the Group and the joint venture partners.

## 24. INTEREST IN A JOINT VENTURE/AMOUNTS DUE FROM (TO) A JOINT VENTURE AND ITS AFFILIATES/OTHER FINANCIAL ASSETS (CONTINUED)

### Summarized financial information of a material joint venture

Summarized financial information in respect of the joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

AAMI

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Current assets | **2,127,929** | 2,258,036 |
| Non-current assets | **2,045,872** | 2,148,728 |
| Current liabilities | **(580,234)** | (813,620) |
| Non-current liabilities | **(291,666)** | (303,121) |
| Cash and cash equivalents | **1,206,548** | 991,418 |
| Current financial liabilities (excluding trade and other payables and provisions) | **(71,915)** | (45,181) |
| Non-current financial liabilities (excluding other payables and provisions) | **(148,812)** | (156,950) |

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Revenue | **2,141,699** | 3,251,783 |
| Profit for the year | **25,391** | 367,547 |
| Other comprehensive expense for the year | **(13,428)** | (75,553) |
| The above profit for the year includes the following: | | |
| Depreciation and amortization | **(211,579)** | (180,771) |
| Interest income | **45,796** | 7,627 |
| Interest expense | **(8,059)** | (6,155) |
| Income tax expense | **(41,734)** | (97,147) |

## 24. INTEREST IN A JOINT VENTURE/AMOUNTS DUE FROM (TO) A JOINT VENTURE AND ITS AFFILIATES/OTHER FINANCIAL ASSETS (CONTINUED)

### Summarized financial information of a material joint venture (Continued)

AAMI (Continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in AAMI recognized in the consolidated financial statements:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Net assets of AAMI | **3,301,901** | 3,290,023 |
| Proportion of the Group's ownership interest in AAMI | **44.44%** | 44.44% |
| The Group's share of net assets of AAMI | **1,467,365** | 1,462,086 |
| Goodwill | **53,880** | 53,880 |
| Carrying amount of the Group's interest in AAMI | **1,521,245** | 1,515,966 |

## 25. INVENTORIES

The carrying amount of the inventories, net of written down is made of below:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Raw materials | **2,027,213** | 2,289,800 |
| Work in progress | **3,230,503** | 3,740,679 |
| Finished goods | **1,057,757** | 1,419,684 |
| | **6,315,473** | 7,450,163 |

## 26. TRADE AND OTHER RECEIVABLES

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Trade receivables *(Note)* | **3,585,695** | 4,114,370 |
| Value-added tax recoverable | **171,577** | 225,657 |
| Other receivables, deposits and prepayments | **215,593** | 203,645 |
| | **3,972,865** | 4,543,672 |

## 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Not yet due *(Note)* | **2,838,005** | 2,951,052 |
| Overdue within 30 days | **223,539** | 450,613 |
| Overdue 31 to 60 days | **130,436** | 160,510 |
| Overdue 61 to 90 days | **80,436** | 212,935 |
| Overdue over 90 days | **313,279** | 339,260 |
| | **3,585,695** | 4,114,370 |

*Note:* The amount included notes receivables amounting to HK$31,742,000 (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.

As at 1 January 2022, trade receivables amounted to HK$5,375,584,000.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2023 are set out in note 44.

### Credit policy:

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.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$747,690,000 (2022: HK$1,163,318,000) that are past due as at the reporting date. Out of the past due balances, HK$313,279,000 (2022: HK$339,260,000) has been past due 90 days or more, and they are not considered as in default. The Group considers the information developed internally or obtained from external sources and considered that the debtors are likely to make payment.

## 27. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Assets HK$'000** | **Liabilities HK$'000** | Assets HK$'000 | Liabilities HK$'000 |
| Shown as current | | | | |
| Foreign currency forward contracts | **25,900** | **1,246** | 49,479 | 14,253 |
| Interest rate swaps | **15,656** | **—** | — | — |
| | **41,556** | **1,246** | 49,479 | 14,253 |
| Shown as non-current | | | | |
| Interest rate swaps | **—** | **—** | 58,720 | — |
| Share adjustment on earn-out clause in a joint venture *(note 24)* | **177,000** | **—** | 156,300 | — |
| | **177,000** | **—** | 215,020 | — |
| | **218,556** | **1,246** | 264,499 | 14,253 |

During the year ended 31 December 2020, the Group entered into interest rate swap contracts with a commercial bank to minimize its exposure to cash flow changes of its floating-rate Hong Kong dollars bank loans from bank by swapping floating interest rates to fixed interest rates. The terms of these contracts were negotiated to match with those of the hedged bank loans with the same notional amounts to principal amounts of bank loans, currency and interest rate index. The directors consider that the interest rate swap contracts are highly effective hedging instruments and have designated them as cash flow hedging instruments for hedge accounting purpose.

The hedges were highly effective in hedging cash flow exposure to interest rate movements. Fair value change on hedging instruments in cash flow hedge of loss of HK$43,064,000 for the year ended 31 December 2023 (2022: gain of HK$77,513,000) have been recognized in other comprehensive income and accumulated in equity. The directors expected the accumulated sum is to be released to profit or loss at various dates upon settlements of interests in the coming maturity periods after the reporting period.

Included in borrowings as disclosed in note 33 were bank loans of HK$1,750,000,000 (2022: HK$1,750,000,000) which were under cash flow hedges and the major terms of the interest rate swap contracts under cash flow hedges as at 31 December 2023 and 2022 are as follows:

| Notional amount | Maturity | Receive floating | Pay fixed |
|---|---|---|---|
| HK$1,250,000,000 | 21 March 2024 | 1-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.1% | 2.38% |
| HK$500,000,000 | 21 March 2024 | 1-month HIBOR plus 1.1% | 2.315% |

The foreign currency forward contracts as at 31 December 2023 represents two types of forward contracts, purchase of Euro and sale of US dollar, and purchase of Euro and sale of HK dollar.

## 27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

For the foreign currency forward contracts that purchase of Euro and sale of US dollar, the purchase of Euro and the sale of US dollar at contract rates range from US$1.07977 to US$1.12210 (2022: US$1.00219 to US$1.13941) per one Euro with future maturity dates ranging from 23 January 2024 to 23 July 2024 (2022: 19 January 2023 to 19 December 2023) at an aggregate notional amount of US$114,000,000 equivalent to approximately HK$890,477,000 (2022: US$217,000,000, equivalent to approximately HK$1,691,949,000).

For the foreign currency forward contracts that purchase of Euro and sale of HK dollar, the purchase of Euro and the sale of HK dollar at contract rates range from HK$8.2726 to HK$8.5676 (2022: nil) per one Euro with future maturity dates ranging from 19 January 2024 to 28 March 2024 (2022: nil) at an aggregate notional amount of HK$937,500,000 (2022: nil).

## 28. LONG-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS, BANK DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS AND CASH AND CASH EQUIVALENTS

The long-term bank deposits with maturity of more than 1 year as at 31 December 2023 carry fixed interest rate which ranged from 3.3% to 5.5% (2022: ranged from 0.55% to 1.5%) per annum.

The pledged bank deposits as at 31 December 2022 represented bank deposits pledged to a bank as security for issuance of guarantee relating to business operations.

Bank balances and bank deposits with original maturity of more than three months as at 31 December 2023 carry interest at market rates which range from 0% to 5.45% (2022: 0% to 4.55%) per annum.

## 29. TRADE LIABILITIES AND OTHER PAYABLES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Trade payables | **1,152,276** | 1,400,310 |
| Deferred income *(Note a)* | **144,277** | 166,677 |
| Accrued salaries and wages | **245,681** | 285,712 |
| Other accrued charges | **513,078** | 657,104 |
| Payables arising from acquisition of property, plant and equipment | **45,667** | 73,760 |
| Gross obligation to acquire non-controlling interest *(note 38)* | **44,140** | 44,780 |
| Other payables *(Note b)* | **218,910** | 251,066 |
| | **2,364,029** | 2,879,409 |

*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.

As at 1 January 2022, deferred income amounted to HK$155,719,000. The deferred income as at 1 January 2022 and 1 January 2023 were fully recognized as revenue during the years ended 31 December 2022 and 31 December 2023, respectively.

(b) The amounts mainly represent the value-added tax payable and sundry payables or accruals of operating expenses.

## 29. TRADE LIABILITIES AND OTHER PAYABLES (CONTINUED)

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

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Not yet due | **870,118** | 1,013,692 |
| Overdue within 30 days | **192,702** | 165,451 |
| Overdue 31 to 60 days | **49,999** | 82,488 |
| Overdue 61 to 90 days | **25,443** | 67,439 |
| Overdue over 90 days | **14,014** | 71,240 |
| | **1,152,276** | 1,400,310 |

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.

## 30. ADVANCE PAYMENTS FROM CUSTOMERS

The amounts represent advance payment received from customers in relation to their purchase orders of equipment placed with the Group. At 31 December 2022 and 2023, the advance payments from customers are contract liabilities and the Group does not expect to refund any of the advance payments.

When the Group receives a deposit before the delivery of equipment, this will give rise to contract liabilities at the start of the contract, until the revenue is recognized on the relevant contract. The Group typically receives a certain percentage of deposit on acceptance of purchase orders.

As at 1 January 2022, advance payments from customers amounted to HK$1,779,304,000. The advance payments from customers as at 1 January 2022 and 1 January 2023 were fully recognized as revenue during the years ended 31 December 2022 and 31 December 2023, respectively.

## 31. LEASE LIABILITIES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| **Lease liabilities payable:** | | |
| Within one year | **188,095** | 188,807 |
| Within a period of more than one year but not more than two years | **182,969** | 173,681 |
| Within a period of more than two years but not more than five years | **510,901** | 470,064 |
| Within a period of more than five years | **1,147,639** | 676,650 |
| | **2,029,604** | 1,509,202 |
| Less: Amount due for settlement within 12 months shown under current liabilities | **(188,095)** | (188,807) |
| Amount due for settlement after 12 months shown under non-current liabilities | **1,841,509** | 1,320,395 |

The weighted average incremental borrowing rate applied to lease liabilities is 3.45% (2022: 3.15%) per annum.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | Euro<br>HK$'000 | Singapore dollar<br>HK$'000 | Renminbi<br>HK$'000 | South Korean Won<br>HK$'000 | Others<br>HK$'000 |
|---|---|---|---|---|---|
| As at 31 December 2023 | **76,323** | **82,945** | **—** | **8,335** | **7,753** |
| As at 31 December 2022 | 1,424 | 79,034 | 236,333 | 10,633 | 10,318 |

## 32. PROVISIONS

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

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Current | **270,487** | 333,537 |
| Non-current | **47,183** | 54,453 |
| | **317,670** | 387,990 |

The Group's provisions mainly comprise warranty provision of HK$221,897,000 (2022: HK$282,189,000). The movement of the warranty provision and restructuring provision are as follows:

| | Warranty provision HK$'000 | Restructuring provision HK$'000 |
|---|---|---|
| At 1 January 2022 | 290,343 | 40,576 |
| Currency realignment | (11,545) | (3,285) |
| Arising on acquisition of subsidiaries *(note 39)* | 2,106 | — |
| Additions | 181,298 | — |
| Utilization | (180,013) | (16,368) |
| At 31 December 2022 | 282,189 | 20,923 |
| Currency realignment | 2,669 | (286) |
| Additions | 104,158 | 41,554 |
| Utilization | (167,119) | (55,283) |
| At 31 December 2023 | 221,897 | 6,908 |

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. Hearings at the High Court for the assessment damages were held in two tranches in March 2021 and October 2022 respectively. Thereafter, a series of clarification hearings were held, the latest being in November 2023. Updated reports from both parties' experts for the assessment of damages have been submitted to the court after the clarification hearings, and the parties are now awaiting a decision from the court regarding the amount of damages payable by the subsidiary to the third party.

Based on the updated expert reports for the assessment of damages and the directors' estimate of the expenditure required to settle the Group's obligations in relation to the litigation, a provision of approximately HK$39,056,000 (31 December 2022: HK$38,985,000) was made.

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

## 33. BANK BORROWINGS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| The carrying amount of the bank borrowings are repayable: | | |
| Within one year | **2,000,000** | 250,000 |
| Within a period of more than one year but not exceeding two years | **—** | 2,000,000 |
| | **2,000,000** | 2,250,000 |
| Less: Amounts due within one year shown under current liabilities | **(2,000,000)** | (250,000) |
| Amounts shown under non-current liabilities | **—** | 2,000,000 |
| Variable-rate bank borrowings *(Note)* | **2,000,000** | 2,250,000 |

*Note:* Included in variable-rate bank borrowings were bank loans of HK$1,750,000,000 (2022: HK$1,750,000,000) which were under cash flow hedges and the major terms of the interest rate swap contracts under cash flow hedges at the end of the reporting period as disclosed in note 27.

The Group's bank borrowings are unsecured and unguaranteed.

The Group's variable-rate bank borrowings bear interest at HIBOR plus a margin per annum.

The effective interest rate which include the cash flow hedges effect on the Group's bank borrowings are as follows:

| | 2023 | 2022 |
|---|---|---|
| Effective interest rates: | | |
| Variable-rate bank borrowings | **2.91%** | 3.11% |

## 34. SHARE CAPITAL OF THE COMPANY

| | Number of shares | | Share capital | |
|---|---|---|---|---|
| | **2023 '000** | 2022 '000 | **2023 HK$'000** | 2022 HK$'000 |
| Issued and fully paid: | | | | |
| At 1 January | **412,872** | 412,705 | **41,287** | 41,270 |
| Shares repurchased in 2022 and cancelled | **(367)** | — | **(37)** | — |
| Shares issued under the Scheme | **2,001** | 2,634 | **201** | 264 |
| Shares repurchased and cancelled | **—** | (2,467) | **—** | (247) |
| At 31 December | **414,506** | 412,872 | **41,451** | 41,287 |

The authorized share capital of the Company is HK$50 million, comprising 500 million shares of HK$0.10 each, at 31 December 2023 and 2022 and 1 January 2022.

During the year ended 31 December 2022, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

| Month of repurchased | Number of shares of HK$0.10 each | Price per share Highest HK$ | Price per share Lowest HK$ | Aggregate consideration paid HK$'000 |
|---|---|---|---|---|
| August | 1,005,200 | 66.40 | 60.55 | 63,482 |
| September | 1,462,200 | 63.20 | 55.65 | 88,453 |
| October | 100,000 | 44.85 | 43.10 | 4,402 |
| November | 267,300 | 46.20 | 42.55 | 11,862 |
| | 2,834,700 | | | 168,199 |

During the year ended 31 December 2022, 2,467,400 shares of the Company repurchased were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against the share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

As at 31 December 2022, 367,300 shares of the Company that repurchased were not yet cancelled. The total amount paid for the repurchase of such shares was HK$16,264,000 and has been deducted from shareholders' equity. The shares were subsequently cancelled on 10 February 2023. The amount paid for these 367,300 shares were recognized as treasury share reserve at 31 December 2022.

During the year ended 31 December 2023, 2,001,100 (2022: 2,633,700) shares were issued at par to eligible employees and members of management under the Scheme (as defined in note 35).

## 35. EMPLOYEE SHARE INCENTIVE SCHEME

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") 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 its 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 commencing 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, enabling 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"). Thereafter, 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 year ended 31 December 2023, the directors resolved to contribute HK$181 million to the Scheme, enabling the Trustee to subscribe or purchase 2,447,000 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 2023 (the "2023 Vesting Date"). Thereafter, the Trustee (i) purchased a total of 361,500 shares in the Company on the Stock Exchange, and (ii) subscribed 2,001,100 shares in the Company, prior to the 2023 Vesting Date. On the 2023 Vesting Date, the Trustee transferred 361,500 shares purchased on the Stock Exchange and 1,999,100 subscribed shares to certain Selected Employees who are connected persons and not connected persons of the Company respectively. During the year ended 31 December 2023, 86,400 share entitlements were forfeited and unallocated by the Company, among which 2,000 shares subscribed by the Trustee shall continue to be held on trust by the Trustee as returned shares pursuant to the rules and trust deed of the Scheme.

### Share-based payments

The fair values of the shares granted pursuant to the Scheme in 2022 and 2023 were determined with reference to 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 during the vesting of the shares.

The Group recognized share-based payments amounting to HK$177,635,000 for the year ended 31 December 2023 (2022: HK$212,743,000) in relation to the shares awarded pursuant to the Scheme by the Company, such an amount being determined by the fair values of the shares awarded at the award dates.

## 35. EMPLOYEE SHARE INCENTIVE SCHEME (CONTINUED)

### Share-based payments (Continued)

Movements of the shares awarded to Selected Employees under the Scheme during the year ended 31 December 2023 are as follows:

| | | Number of shares | | | | | |
|---|---|---|---|---|---|---|---|
| **Date of award** | **Vesting period** | **At 1 January 2023** | **Awarded on 30 March 2023** | **Allocated as Awarded Shares during the year** | **Shares issued and vested during the year** | **Share entitlements forfeited by 15 December 2023** | **At 31 December 2023** |
| 30 March 2023 | 30 March 2023 to 15 December 2023 | **—** | **2,447,000** | **(361,500)** | **(1,999,100)** | **(86,400)** | **—** |

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

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

Movements of Awarded Shares purchased are as follows:

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

## 36. RETIREMENT BENEFIT PLANS

### Defined contribution plans

The Group has retirement plans covering a substantial portion of its employees. The principal plans are defined contribution plans.

The plans for employees in Hong Kong are registered under the ORSO Scheme and a MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 12.5% of the employee's basic salary, depending on the length of services with the Group.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme subject only to the maximum level of payroll costs of HK$30,000 per employee per month, which contribution is matched by the employees.

The employees of the Group in Mainland China, Singapore and Malaysia are members of state-managed retirement benefit schemes operated by the relevant governments. The Group is required to contribute a certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The assets of the schemes are held separately from those of the Group in funds under the control of trustees, and in the case of Singapore and Malaysia, by the Central Provident Fund Board of Singapore and Employee Provident Fund of Malaysia respectively.

The amount charged to profit or loss of HK$251,242,000 (2022: HK$249,603,000) represents contributions paid or payable to the plans by the Group at rates specified in the rules of the plans. For the years ended 31 December 2023 and 2022, there were no forfeitures arising from employees leaving the Group prior to completion of qualifying service period.

At 31 December 2023 and 2022, there were no forfeited contributions which arose upon employees leaving the retirement plans and which are available to reduce the contributions payable in the future years.

### Defined benefit plans

Certain group entities operate funded defined benefits pension scheme for all their qualified employees.

Pension benefits provided by these group entities are currently organized primarily through defined benefit pension plans which cover virtually most of the German employees and certain foreign employees of these group entities.

Furthermore, these group entities provide other post-employment benefits, which consist of transition payments and death benefits to German employees after retirement. These predominantly unfunded other post-employment benefit plans qualify as defined benefit plans under HKFRSs.

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

The plan of these group entities exposes the Group to actuarial risks such as investment risk, interest rate risk and longevity risk.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund. |
| Interest rate risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |

Defined benefit plans determine the entitlements of their beneficiaries. An employee's final benefit entitlement at regular retirement age may be higher than the fixed benefits at the reporting date due to future compensation or benefit increases. The net present value of this ultimate future benefit entitlement for service already rendered is represented by the Defined Benefit Obligation ("DBO"), which is calculated with consideration of future compensation increases by actuaries. The DBO is calculated based on the projected unit credit method and reflects the net present value as of the reporting date of the accumulated pension entitlements of active employees, former employees with vested rights and of retirees and their surviving dependents with consideration of future compensation and pension increases. The most recent actuarial valuation of the DBO plan in Germany was carried out at 31 December 2023 by independent qualified actuaries, Aon Hewitt GmbH, a member of the International Actuarial Association.

In the case of unfunded plans, the recognized pension liability is equal to the DBO adjusted by unrecognized past service cost. In the case of funded plans, the fair value of the plan assets is offset against the benefit obligations. The net amount, after adjusting for the effects of unrecognized past service cost, is recognized as a pension liability or prepaid pension asset.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | 31 December | |
|---|---|---|
| | **2023** | 2022 |
| Discount rate | **3.20%** | 3.00% |
| Average longevity at retirement age | **63 years** | 63 years |
| Expected rate of compensation increase | **2.25%** | 2.25% |
| Expected rate of pension progression | **2.00%** | 2.00% |

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans comprise:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Principal pension benefit plans *(Note a)* | **48,769** | 82,012 |
| Other post-employment benefit plans *(Note b)* | **14,365** | 14,726 |
| Other retirement benefit obligations *(Note c)* | **2,056** | 2,049 |
| | **65,190** | 98,787 |

*Notes:*

(a) **Principal pension benefit plans**

A reconciliation of the funded status of the principal pension benefit plans to the amount recognized in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Fair value of plan assets | **628,328** | 546,508 |
| Total present value of DBO | | |
| Defined benefit obligation (funded) | **(669,034)** | (622,209) |
| Defined benefit obligation (unfunded) | **(8,063)** | (6,311) |
| Net liability arising from defined benefit obligation | **(48,769)** | (82,012) |

The actuarial valuation showed that market value of the plan assets was HK$628,328,000 (2022: HK$546,508,000) and that the actuarial value of these represented 93% (2022: 87%) of the benefits that had accrued to members.

The following table shows the movements in the present value of the plan assets for the years ended:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| At 1 January | **546,508** | 618,311 |
| Currency realignment | **21,108** | (35,883) |
| Interest income | **17,696** | 5,472 |
| Return (loss) on plan assets (excluding amounts included in net interest expenses) | **13,464** | (72,076) |
| Benefits paid | **(1,504)** | (438) |
| Employer contribution | **31,056** | 31,122 |
| At 31 December | **628,328** | 546,508 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

*Notes: (Continued)*

**(a) Principal pension benefit plans (Continued)**

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

| Asset class | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Fixed income and corporate bonds | **348,243** | 301,289 |
| Equity securities | **179,820** | 148,462 |
| Cash and other assets | **100,265** | 96,757 |
| | **628,328** | 546,508 |

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The actual return on defined benefit plan assets for the year ended 31 December 2023 was a net gain of HK$31,160,000 (2022: loss of HK$66,604,000).

The movements in the present value of the DBO for the years ended are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| At 1 January | **628,520** | 832,165 |
| Currency realignment | **24,169** | (48,458) |
| Current service cost | **28,517** | 31,423 |
| Interest cost | **19,843** | 7,639 |
| Remeasurement gains | | |
| Actuarial gains arising from changes in financial assumptions | **(4,884)** | (150,480) |
| Actuarial gains arising from experience adjustments | **(5,834)** | (32,486) |
| Actuarial gains arising from changes in demographic assumptions | **(64)** | (149) |
| Benefits paid | **(13,170)** | (11,134) |
| At 31 December | **677,097** | 628,520 |

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

*Notes: (Continued)*

**(b) Other post-employment benefit plans**

Employees who joined ASMPT GmbH & Co. KG, a subsidiary of the Company located in Germany, on or before 30 September 1983, are entitled to transition payments and death benefits. In respect of the transition payments for the first six months after retirement, participants receive the difference between their final compensation and the retirement benefits payable under the corporate pension plan.

The reconciliation of the funded status of the other post-employment benefit plans to the amount recognized in the consolidated statement of financial position are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Defined benefit obligation | **14,365** | 14,726 |

The movements in the present value of the defined benefit obligation for the other post-employment benefits for the years ended are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| At 1 January | **14,726** | 18,550 |
| Currency realignment | **558** | (1,086) |
| Current service cost | **353** | 394 |
| Interest cost | **413** | 142 |
| Remeasurement gains | | |
| Actuarial gains arising from changes in financial assumptions | **(81)** | (989) |
| Actuarial (gains) losses arising from experience adjustments | **(112)** | 368 |
| Benefits paid | **(1,492)** | (2,653) |
| At 31 December | **14,365** | 14,726 |

**(c) Other retirement benefit obligations**

As at 31 December 2023, the consolidated statement of financial position also includes liabilities for other retirement benefit obligations consisting of liabilities for severance payments in Austria and national pension fund in Korea amounting to HK$2,056,000 (2022: HK$2,049,000).

Significant actuarial assumptions for the determination of the defined obligation of the principal pension benefit plans and other post-employment benefit plans are discount rate and expected rate of pension progression. The sensitivity analyzes below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by HK$26,366,000 (increase by HK$29,694,000) (2022: decrease by HK$30,213,000 (increase by HK$34,277,000)).

- If the expected rate of pension progression increases (decreases) by 50 basis points, the defined benefit obligation would increase by HK$21,081,000 (decrease by HK$19,212,000) (2022: increase by HK$23,849,000 (decrease by HK$21,649,000)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study. Main strategic choices that are formulated in the actuarial and technical policy document of the fund is asset mix based on 40% equity instruments and 60% debt instruments.

There has been no change in the process used by the Group to manage its risks from prior periods.

The Group's subsidiaries fund the service costs expected to be earned on a yearly basis.

The average duration of the benefit obligation at 31 December 2023 is 9.11 years (2022: 10.56 years).

The Group expects to make a contribution of HK$27,128,000 (2022: HK$29,922,000) to the defined benefit plans during the next financial year.

Amount of remeasurement of defined benefit retirement plans, net of tax, recognized in other comprehensive income (expense) are as follows:

**For the year ended 31 December 2023**

| | Principal pension benefit plans HK$'000 | Other post-employment benefit plans HK$'000 | Total HK$'000 |
|---|---|---|---|
| Remeasurement gains | **24,246** | **193** | **24,439** |
| Income tax effect | **(7,748)** | **(61)** | **(7,809)** |
| | **16,498** | **132** | **16,630** |

**For the year ended 31 December 2022**

| | Principal pension benefit plans HK$'000 | Other post-employment benefit plans HK$'000 | Total HK$'000 |
|---|---|---|---|
| Remeasurement gains | 111,039 | 621 | 111,660 |
| Income tax effect | (36,054) | (203) | (36,257) |
| | 74,985 | 418 | 75,403 |

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

Amounts recognized in profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

**For the year ended 31 December 2023**

| | Principal pension benefit plans HK$'000 | Other post-employment benefit plans HK$'000 | Total HK$'000 |
|---|---|---|---|
| Service cost: | | | |
| Current service cost | 28,517 | 353 | 28,870 |
| Net interest expense | 2,147 | 413 | 2,560 |
| Components of defined benefit costs recognized in profit or loss | 30,664 | 766 | 31,430 |
| Remeasurement gains: | | | |
| Return on plan assets (excluding amounts included in net interest expense) | (13,464) | — | (13,464) |
| Actuarial gains arising from changes in financial assumptions | (4,884) | (81) | (4,965) |
| Actuarial gains arising from experience adjustments | (5,834) | (112) | (5,946) |
| Actuarial gains arising from change in demographic assumptions | (64) | — | (64) |
| Components of defined benefit costs recognized in other comprehensive income | (24,246) | (193) | (24,439) |
| Total | 6,418 | 573 | 6,991 |

## 36. RETIREMENT BENEFIT PLANS (CONTINUED)

### Defined benefit plans (Continued)

Amounts recognized in profit or loss and other comprehensive income in respect of these defined benefit plans are as follows: (Continued)

**For the year ended 31 December 2022**

| | Principal pension benefit plans HK$'000 | Other post-employment benefit plans HK$'000 | Total HK$'000 |
|---|---|---|---|
| Service cost: | | | |
| Current service cost | 31,423 | 394 | 31,817 |
| Net interest expense | 2,167 | 142 | 2,309 |
| Components of defined benefit costs recognized in profit or loss | 33,590 | 536 | 34,126 |
| Remeasurement losses (gains): | | | |
| Loss on plan assets (excluding amounts included in net interest expense) | 72,076 | — | 72,076 |
| Actuarial gains arising from changes in financial assumptions | (150,480) | (989) | (151,469) |
| Actuarial (gains) losses arising from experience adjustments | (32,486) | 368 | (32,118) |
| Actuarial gains arising from change in demographic assumptions | (149) | — | (149) |
| Components of defined benefit costs recognized in other comprehensive income | (111,039) | (621) | (111,660) |
| Total | (77,449) | (85) | (77,534) |

Service cost and net interest expense for pension are allocated among functional costs (cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses).

The remeasurement of the net defined benefit liability is included in other comprehensive income.

## 37. DEFERRED TAXATION

A summary of the major deferred tax assets and liabilities recognized and movements thereon during the current and prior years is as follows:

| | Depreciation/ amortization HK$'000 *(Note a)* | Lease liabilities HK$'000 | Right-of-use assets HK$'000 | Tax losses HK$'000 | Retirement benefit obligations HK$'000 *(Note b)* | Inventories HK$'000 *(Note c)* | Trade receivables HK$'000 *(Note c)* | Provisions HK$'000 *(Note b)* | Others HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | (222,843) | — | — | 26,544 | 135,283 | 271,238 | 33,691 | 51,958 | 89,338 | 385,209 |
| Adjustments *(note 2)* | — | 242,106 | (215,475) | — | — | — | — | — | (26,631) | — |
| As at 1 January 2022 (restated) | (222,843) | 242,106 | (215,475) | 26,544 | 135,283 | 271,238 | 33,691 | 51,958 | 62,707 | 385,209 |
| Credit (charge) to profit or loss for the year | 9,484 | 62,903 | (67,749) | (5,210) | 3,632 | 48,212 | 16,947 | 1,283 | (15,152) | 54,350 |
| Charge to other comprehensive income for the year | — | — | — | — | (36,257) | — | — | — | — | (36,257) |
| Currency realignment | 2,206 | 8,211 | (8,649) | (2,068) | (8,241) | (8,832) | (1,220) | (1,296) | (2,378) | (22,267) |
| At 31 December 2022 (restated) | (211,153) | 313,220 | (291,873) | 19,266 | 94,417 | 310,618 | 49,418 | 51,945 | 45,177 | 381,035 |
| Acquisitions of subsidiaries *(note 39)* | (29) | — | — | — | — | — | — | — | — | (29) |
| Credit (charge) to profit or loss for the year | 23,948 | 137,882 | (132,576) | 87,068 | (1,007) | (64,508) | (19,269) | (2,296) | 61,968 | 91,210 |
| Charge to other comprehensive income for the year | — | — | — | — | (7,809) | — | — | — | — | (7,809) |
| Currency realignment | 657 | (19,973) | 19,107 | 125 | 3,548 | (219) | 568 | (189) | 1,163 | 4,787 |
| At 31 December 2023 | (186,577) | 431,129 | (405,342) | 106,459 | 89,149 | 245,891 | 30,717 | 49,460 | 108,308 | 469,194 |

*Notes:*

(a) The deferred tax arose from the temporary difference between the carrying amounts of intangible assets and property, plant and equipment and their tax base.

(b) The deductible temporary difference arising from retirement benefit obligations and provisions would be reversed upon the settlement of the related obligations and utilization of the related provisions.

(c) The deductible temporary difference mainly arising from write-down of inventories and trade receivables and unrealized profit of inventories would be reversed upon write off and reversal of write-down of respective inventories and receivables and sales of inventories.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Deferred tax assets | **590,140** | 529,223 |
| Deferred tax liabilities | **(120,946)** | (148,188) |
| | **469,194** | 381,035 |

## 37. DEFERRED TAXATION (CONTINUED)

At 31 December 2023, the Group had unused tax losses of HK$1,880,162,000 (2022: HK$673,085,000), subject to the approval by the relevant tax authorities, available to offset future taxable profits. At 31 December 2023, a deferred tax asset amounting to HK$106,459,000 (2022: HK$19,266,000) was recognized for tax losses amounting to HK$1,252,459,000 (2022: HK$74,323,000) and no deferred tax asset was recognized in respect of the remaining tax losses of HK$627,703,000 (2022: HK$598,762,000) due to the unpredictability of future profit streams. At 31 December 2022, included in the unrecognized tax losses are losses of HK$16,564,000 that will expire during 2025 to 2027 (2023: nil). Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC entities from 1 January 2008 onwards. For certain entities located in other jurisdictions, withholding tax is also imposed on dividend. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary difference attributable to accumulated profits of these subsidiaries amounting to HK$7,326,435,000 (2022: HK$6,589,356,000) and accumulated profits of a joint venture attributable to the Group amounting to HK$741,107,000 (2022: HK$698,372,000) as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not be reversed in the foreseeable future.

## 38. OTHER LIABILITIES AND ACCRUALS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Gross obligation to acquire non-controlling interest *(Note)* | **44,140** | 44,780 |
| Contingent consideration for acquisitions | **23,972** | — |
| Other payables and accruals | **47,130** | 50,584 |
| | **115,242** | 95,364 |
| Less: Gross obligation to acquire non-controlling interest due within one year included in trade liabilities and other payables *(note 29)* | **(44,140)** | (44,780) |
| Amounts shown under non-current liabilities | **71,102** | 50,584 |

*Note:* On 18 June 2020, the Group entered into a purchase agreement with a call and put option ("Options") for acquiring the remaining shares of SKT in which the Group is obliged to acquire the remaining 40% non-controlling interest of SKT from the management shareholders (the "SKT Holders") within six months after the end of third anniversary of the acquisition if the options are exercised.

The consideration payable to the SKT Holders as at 31 December 2023 is RMB40,000,000 (equivalent to approximately HK$44,140,000). This amount has been recognized in the consolidated statement of financial position as a gross obligation with a corresponding debit to the non-controlling interest. The consideration payable to the SKT Holders has been fully settled subsequently in January 2024.

## 39. ACQUISITION OF SUBSIDIARIES

### 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 RMB23,500,000 (equivalent to approximately HK$26,844,000), 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 recognized as an expense in current year, within the "general and administrative expenses" line item in the 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 year with the remaining amount charged to profit or loss in prior year.

Assets acquired and liabilities recognized at the date of acquisition are as follows:

| | **HK$'000** |
|---|---|
| Property, plant and equipment | 654 |
| Intangible assets | 7,783 |
| Inventories | 1,730 |
| Trade and other receivables | 1,063 |
| Cash and cash equivalents | 63 |
| Trade liabilities and other payables | (2,496) |
| Deferred tax liabilities | (29) |
| | 8,768 |
| Net cash outflow arising on acquisition: | |
| Purchase consideration | 26,844 |
| Less: Cash and cash equivalents acquired | (63) |
| Contingent consideration *(Note)* | (15,278) |
| | 11,503 |
| Goodwill arising on acquisition: | |
| Purchase consideration | 26,844 |
| Less: Fair value of identified net assets acquired | (8,768) |
| | 18,076 |

*Note:* The contingent consideration arrangement required the Group to pay the seller the rest 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 RMB13,375,000 (equivalent to approximately HK$15,278,000). 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$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.

## 39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

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

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 recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

### Acquisition of Soft Rock Technologies Sdn. Bhd. and Tech Rewards Solutions, S. de R. L. de C. V.

During the year ended 31 December 2023, the Group acquired two companies to expand the manufacturing execution systems software solutions business.

On 7 February 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Soft Rock Technologies Sdn. Bhd. ("SRT"), a company based in Malaysia, at a purchase price of MYR7,044,000 (equivalent to approximately HK$12,921,000), 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.

On 12 June 2023, the Group entered into a share purchase agreement to acquire 100% equity interest in Tech Rewards Solutions, S. de R.L. de C.V. ("Tech Rewards"), a company based in Mexico, at a purchase price of MXN25,682,000 (equivalent to approximately HK$11,756,000), subject to certain adjustments as set out in the share purchase agreement ("Tech Rewards Acquisition"). Tech Rewards is a consultancy company with expertise in process and facility automation. The Tech Rewards Acquisition was completed on 4 July 2023 and has been accounted for using the acquisition method.

Acquisition-related costs for the SRT and Tech Rewards have been excluded from the cost of acquisition and recognized as an expense in the current year, within the "general and administrative expenses" line item in the consolidated statement of profit or loss. Cumulative acquisition-related costs in respect of the SRT Acquisition and Tech Rewards Acquisition amounted to HK$1,638,000, of which HK$1,528,000 was charged to profit or loss in the current year with the remaining amount charged to profit or loss in prior year.

## 39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### Acquisition of Soft Rock Technologies Sdn. Bhd. and Tech Rewards Solutions, S. de R. L. de C. V. (Continued)

Assets acquired and liabilities recognized at the respective dates of acquisition are set out as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 186 |
| Trade and other receivables | 714 |
| Cash and cash equivalents | 1,198 |
| Trade liabilities and other payables | (258) |
| | 1,840 |

| | HK$'000 |
|---|---|
| Net cash outflow arising on acquisition: | |
| Total purchase consideration | 24,677 |
| Less: Cash and cash equivalents acquired | (1,198) |
| Contingent consideration *(Note)* | (9,552) |
| | 13,927 |
| Goodwill arising on acquisition: | |
| Total purchase consideration | 24,677 |
| Less: Fair value of identified net assets acquired | (1,840) |
| | 22,837 |

*Note:* The contingent consideration arrangements 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 and Tech Rewards as of 3 July 2025 pursuant to the respective share purchase agreement.

At the date of acquisition of SRT, 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).

At the date of acquisition of Tech Rewards, the directors consider that the fair value of the contingent consideration was the remaining purchase consideration payable to the seller of Tech Rewards on 4 July 2025 pursuant to the share purchase agreement, which is estimated to be MXN10,273,000 (equivalent to approximately HK$4,702,000).

The contingent consideration payables expected to be settled over twelve months from the reporting period is included in "other liabilities and accruals" under the non-current liabilities.

## 39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### Acquisition of Soft Rock Technologies Sdn. Bhd. and Tech Rewards Solutions, S. de R. L. de C. V. (Continued)

The trade receivables acquired in these acquisitions had a fair value of HK$651,000, 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 the aforementioned acquisitions 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 and Tech Rewards respectively. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

### Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2023 is a loss of HK$12,324,000 attributable to Borey, SRT and Tech Rewards ("Acquired Subsidiaries") additional business generated by the Acquired Subsidiaries. Revenue for the year includes HK$1,211,000 generated from the Acquired Subsidiaries.

Had the acquisition of the Acquired Subsidiaries been completed on 1 January 2023, the total amount of revenue for the year of the Group would have been HK$14,700,257,000, and the amount of the profit for the year would have been HK$699,150,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had the Acquired Subsidiaries been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognized amounts of property, plant and equipment at the date of the acquisition.

### Acquisition of AEi in 2022

On 30 September 2021, the Group entered into a purchase agreement to acquire 100% equity interest in 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.

Acquisition-related costs had been excluded from the cost of acquisition and recognized as an expense in the period when incurred within the "general and administrative expenses" line item in the consolidated statement of profit or loss. Cumulative acquisition-related costs in respect of the AEi Acquisition amounted to HK$4,688,000, of which HK$1,853,000 was charged to profit or loss in the year ended 31 December 2022 with the remaining amount charged to profit or loss in 2021.

## 39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### Acquisition of AEi in 2022 (Continued)

Assets acquired and liabilities recognized at the date of acquisition are as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 5,614 |
| Intangible assets | 93,576 |
| Inventories | 40,503 |
| Trade and other receivables | 38,015 |
| Cash and cash equivalents | 673 |
| Trade liabilities and other payables | (18,054) |
| Advance payments from customers | (218) |
| Provisions | (2,106) |
| | 158,003 |
| Net cash outflow arising on acquisition: | |
| Purchase consideration | 180,188 |
| Less: Cash and cash equivalents balances acquired | (673) |
| Consideration payable | (707) |
| Contingent consideration *(Note)* | — |
| | 178,808 |
| Goodwill arising on acquisition: | |
| Purchase consideration | 180,188 |
| Less: Fair value of identified net assets acquired | (158,003) |
| | 22,185 |

*Note:* The contingent consideration arrangement required the Group to pay the seller additional earn-out payments by reference to the operating performance of AEi (i.e. revenue and EBITDA) for the period from 1 January 2021 to 31 December 2022 ("Relevant Period") pursuant to the share purchase agreement. Earn-out payments ranged from US$0 to US$7,500,000 shall be paid to the seller if the revenue of AEi is equal to or exceed the amount of revenue specified in the purchase agreement in the Relevant Period. In accordance to the sales performance and profit forecast of AEi, no payment would be required. As at 31 December 2022, the fair value of the contingent consideration is nil.

## 39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### Acquisition of AEi in 2022 (Continued)

The trade receivables acquired in this acquisition had a fair value of HK$29,608,000 while the gross contractual amount was HK$31,225,000 at the date of acquisition. It would be the best estimate from management at acquisition date of the contractual cash flows expected to be collected.

Goodwill arose in AEi 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, revenue growth, future market development and the assembled workforce of AEi. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

### Impact of acquisition on the results of the Group in 2022

Included in the profit for the year ended 31 December 2022 was a loss of HK$10,381,000 attributable to the additional business generated by AEi. Revenue for the year ended 31 December 2022 included HK$92,902,000 generated from AEi.

Had the acquisition of AEi been completed on 1 January 2022, the total amount of revenue of the Group for the year ended 31 December 2022 would have been HK$19,366,275,000, and the amount of the profit for the year ended 31 December 2022 would have been HK$2,612,686,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor was it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had AEi been acquired at the beginning of the current year, the directors of the Company have calculated depreciation of property, plant and equipment based on the recognized amounts of property, plant and equipment at the date of the acquisition.

## 40. CONTINGENT LIABILITIES

As at 31 December 2023, the Group has provided guarantees amounting to HK$680,000 (2022: HK$843,000) to the Singapore government for work permits of foreign workers in Singapore.

## 41. COMMITMENTS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements | **76,101** | 135,800 |
| Committed fund for investment in other investment | **73,367** | — |

## 42. OPERATING LEASING ARRANGEMENTS

### The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms up to 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Group from its investment property for the year are set out in note 12.

Equipment leasing income earned during the year was HK$16,262,000 (2022: HK$39,268,000). Certain of the Group's machinery held for rental purposes, with a carrying amount of HK$3,736,000 (2022: HK$18,583,000).

Minimum lease payments receivable on leases are as follows:

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Within one year | **16,197** | 31,633 |
| In the second year | **4,771** | 16,665 |
| In the third year | **4,663** | 4,840 |
| In the fourth year | **—** | 4,731 |
| | **25,631** | 57,869 |

## 43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, lease liabilities and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 44. FINANCIAL INSTRUMENTS

### Categories of financial instruments

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at amortized cost | **8,496,308** | 8,653,666 |
| Other investments — equity instruments at FVTOCI | **72,095** | 38,051 |
| Derivative financial instruments at FVTPL | **218,556** | 264,499 |
| Other financial assets at FVTPL | **39,837** | 39,765 |
| Other investments — equity instruments at FVTPL | **12,651** | — |
| **Financial liabilities** | | |
| Financial liabilities at amortized cost | **3,839,735** | 4,411,978 |
| Derivative financial instruments at FVTPL | **1,246** | 14,253 |
| Gross obligation to acquire non-controlling interest | **44,140** | 44,780 |
| Contingent consideration for acquisitions | **23,972** | — |

### Financial risk management objectives and policies

The Group's major financial instruments include other investments, other financial assets, certain other non-current assets, rental deposits paid, long-term bank deposits (and pledged bank deposits for 2022), bank deposits with original maturity of more than three months, cash and cash equivalents, trade and other receivables, amounts due from a joint venture and its affiliates, derivative financial instruments, trade liabilities and other payables, non-current other liabilities, amounts due to a joint venture and its affiliates, lease liabilities, gross obligation to acquire non-controlling interest, contingent consideration for acquisitions and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

*Foreign currency risk management*

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 29% and 27% of the Group's sales and purchases respectively are denominated in currencies other than the functional currency of the group entities making the sales and the purchases.

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

Market risk (Continued)

*Foreign currency risk management (Continued)*

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | | Assets | | Liabilities | |
|---|---|---|---|---|---|
| | Currency | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| **The Group** | | | | | |
| US dollar *(Note a)* | US$ | **1,321,455** | 2,999,879 | **85,619** | 142,831 |
| Euro | EUR | **111,560** | 172,314 | **120,446** | 73,367 |
| Renminbi | RMB | **59,903** | 27,142 | **3,693** | 416,052 |
| Singapore dollar | S$ | **85,285** | 88,889 | **189,475** | 227,877 |
| Japanese Yen | JPY | **6,270** | 10,358 | **30,684** | 72,261 |
| British Pound | GBP | **156,997** | 51,396 | **6,232** | 6,582 |
| Others | | **70,658** | 51,233 | **116,733** | 170,387 |
| Inter-company balances | | | | | |
| US dollar *(Note b)* | US$ | **3,867,595** | 3,957,251 | **309,883** | 1,027,541 |
| Euro | EUR | **200,626** | 57,427 | **1,058,097** | 20,116 |
| Renminbi | RMB | **231,761** | 84,477 | **—** | 18 |
| Singapore dollar | S$ | **37** | 367 | **20** | 50 |
| Japanese Yen | JPY | **39,684** | 39,319 | **5,841** | 5,904 |
| British Pound | GBP | **—** | — | **173,807** | 64,629 |
| Others | | **81,702** | 60,058 | **91,063** | 83,097 |
| Loan to foreign operations that form parts of a net investment | | | | | |
| US dollar *(Note c)* | US$ | **798,192** | 796,491 | **798,192** | 796,491 |
| Euro | EUR | **70,228** | 62,372 | **—** | — |
| British Pound | GBP | **316,557** | 283,716 | **—** | — |

*Notes:*

(a) Included in the balances are US dollar financial assets and financial liabilities of HK$621,917,000 and HK$77,295,000 (2022: HK$1,777,832,000 and HK$131,117,000), respectively where Hong Kong dollar is not the functional currency of the relevant group entities.

(b) Included in the balances are US dollar financial assets and financial liabilities of HK$2,312,850,000 and HK$230,443,000 (2022: HK$1,882,226,000 and HK$772,983,000), respectively where Hong Kong dollar is not the functional currency of the relevant group entities.

(c) Included in the balances are US dollar financial liabilities of HK$798,192,000 (2022: HK$796,491,000) where Hong Kong dollar is not the functional currency of the relevant group entities.

The majority of the Group's foreign currency financial assets and financial liabilities are denominated in US dollar. The Hong Kong dollars is pegged to US dollar where Hong Kong dollar is the functional currency of the relevant group entities. For other group entities having significant US dollar financial assets and financial liabilities where Hong Kong dollars is not the functional currency, they have exposure to the foreign currency exchange risk. The management conducts periodic review of the exposure and requirements of various currencies, and will consider hedging significant foreign currency exposures should the need arise.

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## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

Market risk (Continued)

*Foreign currency risk management (Continued)*

Foreign currency sensitivity analysis

The Group is mainly exposed currency risk related to Euro, US dollar, Renminbi, Japanese Yen, Singapore dollar and British Pound.

A subsidiary of the Company entered into several foreign currency forward contracts to manage its exposure to exchange rate fluctuations of the US dollar denominated receivables and bank deposits against its functional currency, Euro (see note 27).

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of the group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency exchange rates. The sensitivity analysis also includes intra-group balances and loans to foreign operations that form part of a net investment where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. The analysis illustrates the impact for a 5% strengthening of the functional currency of the relevant group entities against the relevant foreign currency and a positive and negative number below indicates an increase and a decrease in profit and exchange reserve respectively. For a 5% weakening of the functional currency of the relevant group entities against the relevant foreign currency, there would be an equal and opposite impact on the profit and exchange reserve.

| | Euro impact (i) | | US dollar impact (ii) | | Renminbi impact (iii) | | Japanese Yen impact (iv) | | Singapore dollar impact (v) | | British Pound impact (vi) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 HK$'000 | 2022 HK$'000 | 2023 HK$'000 | 2022 HK$'000 | 2023 HK$'000 | 2022 HK$'000 | 2023 HK$'000 | 2022 HK$'000 | 2023 HK$'000 | 2022 HK$'000 | 2023 HK$'000 | 2022 HK$'000 |
| Increase (decrease) in post-tax profit | **36,865** | (5,223) | **(101,339)** | (111,555) | **(13,556)** | 10,635 | **(484)** | 1,303 | **4,931** | 6,472 | **973** | 826 |
| (Decrease) increase in translation reserve | **(2,634)** | (2,526) | **29,932** | 29,868 | **—** | — | **—** | — | **—** | — | **(14,405)** | (12,906) |

(i) This is mainly attributable to the exposure on outstanding bank balances, derivate financial instruments, trade receivables, trade liabilities and other payables, lease liabilities, inter-company balances and loans to foreign operations denominated in Euro at the year end.

(ii) This is mainly attributable to the exposure on outstanding bank balances, trade and other receivables, trade liabilities and other payables, lease liabilities, inter-company balances and loans to foreign operations denominated in US dollar at the year end.

(iii) This is mainly attributable to the exposure on outstanding bank balances, other receivables, rental deposit, trade liabilities and other payables, lease liabilities and inter-company balances denominated in Renminbi at the year end.

(iv) This is mainly attributable to the exposure on outstanding bank balances, trade liabilities and other payables and inter-company balances denominated in Japanese Yen at the year end.

(v) This is mainly attributable to the exposure on outstanding bank balances, other receivables, trade liabilities and other payables, lease liabilities and inter-company balances denominated in Singapore dollar at the year end.

(vi) This is mainly attributable to the exposure on outstanding bank balances, trade receivables, trade liabilities and other payables, inter-company balances and loans to foreign operations denominated in British Pound at the year end.

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

Market risk (Continued)

*Interest rate risk management*

The Group is exposed to fair value interest rate risk in relation to long-term bank deposits (pledged bank deposits for 2022) (see note 28), variable-rate bank borrowings (see note 33) and lease liabilities (see note 31). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits/balances and bank borrowings. In order to keep certain of the Group's bank borrowings at fixed rates, the Group entered into interest rate swaps to hedge against its exposures to changes in cash flows of certain bank borrowings. The critical terms of these interest rate swaps are the same to those of hedged bank borrowings. Interest rate swaps are designated as effective hedging instruments and hedge accounting is used (see note 27 for details).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's variable-rate bank borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative variable-rate instruments at the end of the reporting period. For interest bearing bank deposits and bank borrowings, the analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period. A 5 basis points (2022: 5 basis points) increase is used for bank deposits and 50 basis points (2022: 50 basis points) increase and decrease is used for bank borrowings when reporting interest rate risk internally to key management personnel. If interest rates had been 5 basis points and 50 basis points higher for bank deposits and bank borrowings (excluding bank loans under cash flow hedges of HK$1,750,000,000 (2022: HK$1,750,000,000)), respectively, or 50 basis points lower for bank borrowings (excluding bank loans under cash flow hedges of HK$1,750,000,000 (2022: HK$1,750,000,000) and all of other variables were held constant, post-tax profit for the year ended 31 December 2023 would decrease/increase by approximately HK$647,000 (2022: HK$1,908,000) and HK$1,151,000 (2022: HK$2,303,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its certain bank balances and variable-rate bank borrowings which are not hedged against their exposures to cash flow interest rate risk at the end of the reporting period.

Credit risk management and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2023 primarily attributable to trade and other receivables, amounts due from a joint venture and its affiliates, long-term bank deposits, bank deposits with original maturity of more than three months and bank balances is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancement to cover its credit risks associated with its financial assets.

*Long-term bank deposits, bank deposits with maturity of more than three months and bank balances*

No allowance for impairment was made since the directors of the Company consider that the probability of default is negligible as such amounts are receivable from or placed in banks with good reputation.

*Other receivables and amounts due from a joint venture and its affiliates*

No allowance for impairment was made since the directors of the Company consider that the probability of default is minimal after assessing the counterparties' financial background and creditability.

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

*Trade receivables*

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually and credit-impaired individually and/or collectively. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

*Collective assessments*

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed collectively as at 31 December 2023 and 31 December 2022 within lifetime ECL.

**Carrying amount**

| Credit rating | 2023 Average loss rate % | 2023 Trade receivables HK$'000 | 2022 Average loss rate % | 2022 Trade receivables HK$'000 |
|---|---|---|---|---|
| Strong* | **0.10** | **580,806** | 0.05 | 553,815 |
| Good | **0.60** | **2,353,937** | 0.54 | 2,674,003 |
| Satisfactory | **0.92** | **98,273** | 1.17 | 122,635 |
| Watch list | **1.27** | **64,767** | 2.22 | 174,993 |
| | | **3,097,783** | | 3,525,446 |

* Included notes receivables amounting to HK$31,742,000 (2022: HK$144,179,000).

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

*Individual assessments*

As part of the Group's credit risk management, the Group assessed credit risk of its individual customers by reference to external credit rating. The following table provides information about the exposure to credit risk for trade receivables which are assessed individually as at 31 December 2023 and 31 December 2022 within lifetime ECL.

**Carrying amount**

| Credit rating | 2023 Average loss rate % | 2023 Trade receivables HK$'000 | 2022 Average loss rate % | 2022 Trade receivables HK$'000 |
|---|---|---|---|---|
| Strong | **0.08** | **173,720** | 0.10 | 237,020 |
| Good | **0.84** | **302,418** | 0.73 | 341,514 |
| Satisfactory | **2.36** | **7,709** | 2.04 | 7,532 |
| Watch list | **10.88** | **4,065** | 12.34 | 2,858 |
| | | **487,912** | | 588,924 |

Quality classification definitions:

"Strong": The counterparty has very low probability of default.

"Good": The counterparty has low default risk.

"Satisfactory": The counterparty has moderate default risk.

"Watch list": Requires varying degrees of special attention and default risk is of greater concern.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and authorized banks in Mainland China with high credit-ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit-ratings, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers and across diverse geographical areas.

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both principal and interest cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management consider that the contractual settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

**At 31 December 2023**

| | Weighted average effective interest rate* % | On demand HK$'000 | Within one year HK$'000 | More than one year HK$'000 | Total contractual undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | | |
| Trade liabilities and other payables | — | 282,158 | 1,490,895 | — | 1,773,053 | 1,773,053 |
| Non-current other liabilities | — | — | — | 23,621 | 23,621 | 23,621 |
| Lease liabilities | 3.45 | — | 256,302 | 2,196,892 | 2,453,194 | 2,029,604 |
| Bank borrowings | 2.91 | — | 2,014,494 | — | 2,014,494 | 2,000,000 |
| Amounts due to a joint venture and its affiliates | — | 43,061 | — | — | 43,061 | 43,061 |
| Gross obligation to acquire non-controlling interest | — | — | 44,140 | — | 44,140 | 44,140 |
| Contingent consideration for acquisitions | — | — | — | 23,972 | 23,972 | 23,972 |
| | | 325,219 | 3,805,831 | 2,244,485 | 6,375,535 | 5,937,451 |
| Derivatives — net settlement | | | | | | |
| Foreign currency forward contracts | — | — | 1,246 | — | 1,246 | 1,246 |

# 44. FINANCIAL INSTRUMENTS (CONTINUED)

## Financial risk management objectives and policies (Continued)

### Liquidity risk management (Continued)

**At 31 December 2022**

| | Weighted average effective interest rate* % | On demand HK$'000 | Within one year HK$'000 | More than one year HK$'000 | Total contractual undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | | |
| Trade liabilities and other payables | — | 386,618 | 1,738,018 | — | 2,124,636 | 2,124,636 |
| Non-current other liabilities | — | — | — | 23,911 | 23,911 | 23,911 |
| Lease liabilities | 3.15 | — | 233,234 | 1,515,115 | 1,748,349 | 1,509,202 |
| Bank borrowings | 3.11 | — | 309,239 | 2,013,886 | 2,323,125 | 2,250,000 |
| Amounts due to a joint venture and its affiliates | — | 13,431 | — | — | 13,431 | 13,431 |
| Gross obligation to acquire non-controlling interest | — | — | 44,780 | — | 44,780 | 44,780 |
| | | 400,049 | 2,325,271 | 3,552,912 | 6,278,232 | 5,965,960 |
| Derivatives — net settlement | | | | | | |
| Foreign currency forward contracts | — | — | 14,253 | — | 14,253 | 14,253 |

* Weighted average effective interest rate is determined based on the variable interest rates of outstanding bank borrowings at the end of the reporting period, after taking into account the effect of the cash flow hedges.

# 44. FINANCIAL INSTRUMENTS (CONTINUED)

## Financial risk management objectives and policies (Continued)

### 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 liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets and financial liabilities | Fair value as at 2023 | Fair value as at 2022 | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Foreign currency forward contracts classified as derivative financial instruments on the consolidated statement of financial position *(note 27)* | **Asset — HK$25,900,000 Liability — HK$1,246,000** | Asset — HK$49,479,000 Liability — 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 consolidated statement of financial position *(note 27)* | **Asset — HK$15,656,000** | Asset — 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 contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. | N/A | N/A |
| Other investments (classified as equity instruments at FVTOCI) *(note 23)* | **Asset — HK$72,095,000** | Asset — HK$38,051,000 | Level 3 | Market approach is used by comparing the latest transaction prices. Considerations such as time and condition of sales and terms of agreements are analyzed and adjustments are made, where appropriate, to arrive at an estimation of fair value. | The considerations such as time and condition 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. |
| Other investments (classified as equity instruments at FVTPL) *(note 23)* | **Asset — HK$12,651,000** | N/A | Level 3 | Market approach is used by comparing the latest transaction prices. Considerations such as time and condition of sales and terms of agreements are analyzed and adjustments are made, where appropriate, to arrive at an estimation of fair value. | The considerations such as time and condition 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. |

# 44. FINANCIAL INSTRUMENTS (CONTINUED)

## Financial risk management objectives and policies (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 2023 | Fair value as at 2022 | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Share adjustment on earn-out clause in a joint venture *(note 27)* | **Asset — HK$177,000,000** | 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 AAMI, based on an appropriate discount rate. | AAMI would meet the amount of earn-out clause by reference to the estimated sale performance and profit forecast of AAMI. | The higher the amount of forecast profit and enterprise value of AAMI, the higher the fair value. |
| Contingent consideration receivable in other financial assets *(note 24)* | **Asset — HK$39,837,000** | Asset — HK$39,765,000 | Level 3 | EBIT of AAMI from 2021 to 2023 (2022: EBIT of AAMI in 2021 and 2022 and forecast EBIT of AAMI during 2023). | EBIT of AAMI during 2023 to achieve the EBIT target in shareholders' agreement with the shareholder of AAMI (2022: Forecast EBIT of AAMI during 2023 to achieve the EBIT target in shareholders' agreement with the shareholder of AAMI). | EBIT of AAMI during 2023 (2022: Forecast EBIT of AAMI during 2023). |
| Contingent consideration for Borey Acquisition *(as defined in note 39)* | **Liability — HK$14,759,000** | 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 and Tech Rewards Acquisition *(as defined in note 39)* | **Liability — HK$9,213,000** | 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 and Tech Rewards would fulfill the requirements of team structure and qualification of employees by reference to the business plan of the Group MES business 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 years.

## 44. FINANCIAL INSTRUMENTS (CONTINUED)

### Reconciliation of Level 3 fair value measurements

Financial assets (liabilities)

| | Other investments— equity instruments at FVTOCI HK$'000 | Other investments— equity instruments at FVTPL HK$'000 | Share adjustment on earn-out clause in a joint venture HK$'000 | Contingent consideration receivable in other financial assets HK$'000 | Contingent consideration for acquisitions HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| At 1 January 2022 | 64,202 | — | 144,386 | 39,775 | — | 248,363 |
| Purchase | 11,478 | — | — | — | — | 11,478 |
| Total gain (loss): | | | | | | |
| — in profit or loss | — | — | 11,953 | — | — | 11,953 |
| — in other comprehensive income | (35,279) | — | — | — | — | (35,279) |
| — currency realignment | (2,350) | — | (39) | (10) | — | (2,399) |
| At 31 December 2022 | 38,051 | — | 156,300 | 39,765 | — | 234,116 |
| Arising on acquisition of subsidiaries | — | — | — | — | (24,830) | (24,830) |
| Purchase | 31,338 | 12,442 | — | — | — | 43,780 |
| Total gain (loss): | | | | | | |
| — in profit or loss | — | 209 | 20,415 | — | — | 20,624 |
| — in other comprehensive income | 2,736 | — | — | — | — | 2,736 |
| — currency realignment | (30) | — | 285 | 72 | 858 | 1,185 |
| At 31 December 2023 | 72,095 | 12,651 | 177,000 | 39,837 | (23,972) | 277,611 |

The financial assets subsequently measured at fair value on Level 3 fair value measurement represent other investments (note 23), contingent consideration receivable in other financial assets (note 24) and share adjustment on earn-out clause in a joint venture (note 27).

Included in other comprehensive income is an amount of HK$2,736,000 net gain (2022: HK$35,279,000 net loss) relating to other investments classified as equity instruments at FVTOCI held at 31 December 2023 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 recognized at amortized cost in the consolidated financial statements approximate their fair values.

## 45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Dividend payable HK$'000 | Interest payables HK$'000 | Lease liabilities HK$'000 | Bank borrowings HK$'000 *(note 33)* | Total HK$'000 |
|---|---|---|---|---|---|
| At 1 January 2022 | — | — | 1,546,367 | 2,698,588 | 4,244,955 |
| Financing cash flows | (1,609,551) | (70,272) | (255,028) | (449,884) | (2,384,735) |
| Currency realignment | — | — | (52,253) | 1,296 | (50,957) |
| New lease entered *(Note)* | — | — | 220,452 | — | 220,452 |
| Finance costs | — | 70,272 | 49,664 | — | 119,936 |
| Dividend declared | 1,609,551 | — | — | — | 1,609,551 |
| At 31 December 2022 | — | — | 1,509,202 | 2,250,000 | 3,759,202 |
| Financing cash flows | (1,035,386) | (86,605) | (245,413) | (250,227) | (1,617,631) |
| Currency realignment | — | — | 24,009 | 227 | 24,236 |
| New lease entered *(Note)* | — | — | 690,523 | — | 690,523 |
| Finance costs | — | 86,605 | 51,283 | — | 137,888 |
| Dividend declared | 1,035,386 | — | — | — | 1,035,386 |
| At 31 December 2023 | — | — | 2,029,604 | 2,000,000 | 4,029,604 |

*Note:* During the year, the Group entered into new lease agreements/renewed lease agreements for the use of leased properties, motor vehicles and office equipment range from 14 to 204 months. On the lease commencement/modification, the Group recognized right-of-use assets and lease liabilities of HK$690,728,000 and HK$690,523,000 (2022: HK$220,575,000 and HK$220,452,000) respectively.

## 46. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The emoluments of directors and other members of key management during the year were as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Short-term benefits | **39,242** | 38,885 |
| Post-employment benefits | **1,873** | 1,453 |
| Share-based payments | **24,262** | 31,730 |
| | **65,377** | 72,068 |

Certain shares of the Company were awarded to key management under the Scheme (see note 35 for details of the Scheme). The estimated fair value of such shares has been included in share-based payments for both years. The shares awarded to key management during the year ended 31 December 2023 and 31 December 2022 are vested within one year.

The emoluments of directors and senior management are determined by the Remuneration Committee, having regard to the performance of individuals and market trends.

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following balances with related parties:

| Relationships | Nature of balances | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| Joint venture | Amount due from a joint venture | **17,735** | 17,073 |
| Subsidiaries of joint venture | Amounts due from affiliates of joint venture | **2,906** | 4,038 |
| | Amounts due from a joint venture and its affiliates | **20,641** | 21,111 |
| Joint venture | Amounts due to a joint venture | **12,176** | 12,293 |
| Subsidiaries of joint venture | Amounts due to affiliates of joint venture | **30,885** | 1,138 |
| | Amounts due to a joint venture and its affiliates | **43,061** | 13,431 |

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

During the year ended 31 December 2023, there are sales of spare parts to a joint venture and its affiliates of HK$2,335,000 (2022: HK$15,289,000) and rental services of HK$10,293,000 (2022: HK$11,658,000).

## 47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries at 31 December 2023 and 2022 are as follows:

| Name of subsidiaries | Place of incorporation/ establishment | Nominal value of issued capital | Proportion of nominal value of issued ordinary shares/registered capital held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | Ordinary shares/ registered capital | Directly | Indirectly | |
| ASMPT ALSI B.V. | Netherlands | EUR100 | — | 100% | Research and development, manufacture and sale of semiconductor equipment |
| ASMPT AMICRA GmbH | Germany | EUR24,229,771 | — | 100% | Trading and manufacture of semiconductor equipment |
| ASMPT GmbH & Co. KG | Germany | EUR20,200,000 | — | 100% | Manufacture and sale of surface mount technology equipment and trading of semiconductor equipment |
| ASMPT Equipment (M) Sdn. Bhd. | Malaysia | MYR500,000 | — | 100% | Marketing service |
| 先進半導體設備(深圳)有限公司 (ASMPT Equipment (Shenzhen) Co., Ltd.)* | PRC | US$47,835,000 | — | 100% | Manufacture of semiconductor equipment |
| ASMPT Hong Kong Holding Limited | Hong Kong | HK$1,900,000,002 | 100% | — | Investment holding and agency services and provision of logistics and purchasing services to group companies |
| ASMPT Hong Kong Limited | Hong Kong | HK$500,000 | 100% | — | Trading of semiconductor equipment and surface mount technology equipment in Hong Kong and marketing service in Korea |
| ASMPT Japan Limited | Japan | JPY10,000,000 | 100% | — | Trading of semiconductor equipment and surface mount technology equipment |
| ASMPT Malaysia Sdn. Bhd. | Malaysia | MYR281,413,000 | 100% | — | Manufacture of semiconductor equipment and surface mount technology equipment |
| ASMPT NEXX, Inc. | United States of America | US$0.01 | — | 100% | Trading and manufacture of semiconductor equipment |

## 47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

| Name of subsidiaries | Place of incorporation/ establishment | Nominal value of issued capital | Proportion of nominal value of issued ordinary shares/registered capital held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | Ordinary shares/ registered capital | Directly | Indirectly | |
| 先域微電子技術服務(上海)有限公司 (ASMPT SEMI China Ltd.)* | PRC | US$400,000 | — | 100% | Trading of semiconductor equipment |
| ASMPT SEMI USA, Inc. | United States of America | US$60,000 | — | 100% | Trading of semiconductor equipment |
| ASMPT Singapore Pte. Ltd. | Singapore | S$53,000,000 | 100% | — | Manufacture and sale of semiconductor equipment |
| 先進裝配系統有限公司 (ASMPT SMT China Ltd.)* | PRC | EUR5,400,000 | — | 100% | Trading of surface mount technology equipment |
| ASMPT SMT Singapore Pte. Ltd. | Singapore | S$154,653,979 | 100% | — | Manufacture and sale of surface mount technology equipment |
| ASMPT SMT UK Limited | United Kingdom | GBP1,680,000 | — | 100% | Trading and manufacture of surface mount technology equipment |
| ASMPT SMT USA, LLC | United States of America | — | — | 100% | Trading of surface mount technology equipment |
| 先進科技(中國)有限公司 (ASMPT Technology (China) Co., Ltd.)* | PRC | US$26,000,000 | — | 100% | Research and development of semiconductor equipment and property investment |
| ASMPT Technology Hong Kong Limited | Hong Kong | HK$10,000,000 | 100% | — | Manufacture of semiconductor equipment and provision of research and development services |
| 先進科技(惠州)有限公司 (ASMPT Technology (Huizhou) Co., Ltd.)* | PRC | US$114,000,000 | — | 100% | Manufacture of semiconductor equipment and surface mount technology equipment |
| ASMPT Technology Limited | Hong Kong | HK$1,000,000 | 100% | — | Trading of semiconductor equipment in Taiwan |

## 47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

| Name of subsidiaries | Place of incorporation/ establishment | Nominal value of issued capital | Proportion of nominal value of issued ordinary shares/registered capital held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | Ordinary shares/ registered capital | Directly | Indirectly | |
| 深圳先進微電子科技有限公司 (ASMPT Technology (Shenzhen) Co., Ltd.)* | PRC | HK$718,300,000 | — | 100% | Manufacture of semiconductor equipment and surface mount technology equipment |
| ASMPT (Thailand) Ltd. | Thailand | Baht7,000,000 | — | 100% | Marketing service |
| Critical Manufacturing, S.A. | Portugal | EUR496,065 | — | 100% | Development, marketing and sales of manufacturing execution systems software solutions |

* Established as a wholly foreign owned enterprise in the PRC.

All the principal subsidiaries operate predominantly in their respective places of incorporation/ establishment unless specified otherwise under the heading "principal activities".

No debt security has been issued by any of the subsidiaries at any time during the year or is outstanding at the end of the year.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other insignificant subsidiaries which are mainly inactive or engaged in investment holding would, in the opinion of the directors, result in particulars of excessive length.

## 48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Non-current assets | | |
| Unlisted investments in subsidiaries | **4,683,914** | 4,683,914 |
| Loans to subsidiaries | **898,692** | 887,275 |
| Derivative financial instruments | **—** | 58,720 |
| Right-of-use assets | **11,237** | 12,509 |
| | **5,593,843** | 5,642,418 |
| Current assets | | |
| Derivative financial instruments | **33,255** | — |
| Other receivables and prepayments | **4,051** | 16,822 |
| Amounts due from subsidiaries | **1,894,266** | 2,007,719 |
| Cash and cash equivalents | **297,377** | 441,166 |
| | **2,228,949** | 2,465,707 |
| Current liabilities | | |
| Other payables | **22,108** | 26,936 |
| Lease liabilities | **1,249** | 1,204 |
| Amounts due to subsidiaries | **7,589** | 11,035 |
| Loans from subsidiaries | **994,438** | 635,760 |
| Bank borrowings | **2,000,000** | 250,000 |
| | **3,025,384** | 924,935 |
| Net current (liabilities) assets | **(796,435)** | 1,540,772 |
| | **4,797,408** | 7,183,190 |
| Capital and reserves | | |
| Share capital *(note 34)* | **41,451** | 41,287 |
| Reserves *(Note)* | **4,119,523** | 5,129,116 |
| | **4,160,974** | 5,170,403 |
| Non-current liabilities | | |
| Lease liabilities | **11,538** | 12,787 |
| Loan from a subsidiary | **624,896** | — |
| Bank borrowings | **—** | 2,000,000 |
| | **636,434** | 2,012,787 |
| | **4,797,408** | 7,183,190 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

## 48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

*Note:* Movement in reserves

| | Share premium HK$'000 | Employee share-based compensation reserve HK$'000 | Shares held for share award scheme HK$'000 | Hedging reserve HK$'000 | Treasury share reserve HK$'000 | Capital redemption reserve HK$'000 | Capital reserve HK$'000 | Retained profits HK$'000 | Dividend reserve HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | 1,862,085 | – | (845) | (18,793) | – | 760 | 56,143 | 1,509,707 | 1,073,034 | 4,482,091 |
| Profit for the year | – | – | – | – | – | – | – | 2,167,816 | – | 2,167,816 |
| Fair value gain on hedging instruments designated as cash flow hedges | – | – | – | 77,513 | – | – | – | – | – | 77,513 |
| Total comprehensive income for the year | – | – | – | 77,513 | – | – | – | 2,167,816 | – | 2,245,329 |
| Sub-total | 1,862,085 | – | (845) | 58,720 | – | 760 | 56,143 | 3,677,523 | 1,073,034 | 6,727,420 |
| Recognition of equity-settled share-based payments | – | 212,743 | – | – | – | – | – | – | – | 212,743 |
| Purchase of shares under the Scheme | – | – | (33,280) | – | – | – | – | – | – | (33,280) |
| Shares vested under the Scheme | – | (30,359) | 34,125 | – | – | – | – | (3,766) | – | – |
| Shares issued under the Scheme | 182,120 | (182,384) | – | – | – | – | – | – | – | (264) |
| Shares repurchased and cancelled | (151,688) | – | – | – | – | 247 | – | (247) | – | (151,688) |
| Shares repurchased but not yet cancelled | – | – | – | – | (16,264) | – | – | – | – | (16,264) |
| 2021 final dividend paid | – | – | – | – | – | – | – | – | (1,073,034) | (1,073,034) |
| 2022 interim dividend paid | – | – | – | – | – | – | – | (536,517) | – | (536,517) |
| 2022 final dividend proposed | – | – | – | – | – | – | – | (783,758) | 783,758 | – |
| At 31 December 2022 | 1,892,517 | – | – | 58,720 | (16,264) | 1,007 | 56,143 | 2,353,235 | 783,758 | 5,129,116 |
| Loss for the year | – | – | – | – | – | – | – | (85,775) | – | (85,775) |
| Fair value loss on hedging instruments designated as cash flow hedges | – | – | – | (43,064) | – | – | – | – | – | (43,064) |
| Total comprehensive expense for the year | – | – | – | (43,064) | – | – | – | (85,775) | – | (128,839) |
| Sub-total | 1,892,517 | – | – | 15,656 | (16,264) | 1,007 | 56,143 | 2,267,460 | 783,758 | 5,000,277 |
| Recognition of equity-settled share-based payments | – | 177,635 | – | – | – | – | – | – | – | 177,635 |
| Purchase of shares under the Scheme | – | – | (22,839) | – | – | – | – | – | – | (22,839) |
| Shares vested under the Scheme | – | (27,203) | 22,839 | – | – | – | – | 4,364 | – | – |
| Shares issued under the Scheme | 150,231 | (150,432) | – | – | – | – | – | – | – | (201) |
| Shares repurchased and cancelled | (16,227) | – | – | – | 16,264 | 37 | – | (37) | – | 37 |
| 2022 final dividend paid | – | – | – | – | – | – | – | – | (783,758) | (783,758) |
| 2023 interim dividend paid | – | – | – | – | – | – | – | (251,628) | – | (251,628) |
| 2023 special dividend proposed | – | – | – | – | – | – | – | (215,543) | 215,543 | – |
| 2023 final dividend proposed | – | – | – | – | – | – | – | (107,771) | 107,771 | – |
| At 31 December 2023 | 2,026,521 | – | – | 15,656 | – | 1,044 | 56,143 | 1,696,845 | 323,314 | 4,119,523 |

# FIVE-YEAR FINANCIAL SUMMARY

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | 2021 HK$'000 | 2020 HK$'000 *(Note)* | 2019 HK$'000 (restated) *(Note)* |
| **Results** | | | | | |
| Revenue | | | | | |
| — Continuing operations | **14,697,489** | 19,363,495 | 21,947,637 | 14,700,250 | 14,030,169 |
| — Discontinued operation | **—** | — | — | 2,186,994 | 1,852,873 |
| | **14,697,489** | 19,363,495 | 21,947,637 | 16,887,244 | 15,883,042 |
| Profit before taxation from continuing operations | **1,036,011** | 3,412,991 | 4,092,459 | 826,080 | 1,028,997 |
| Income tax expense from continuing operations | **(324,510)** | (794,924) | (917,279) | (189,468) | (331,710) |
| Profit (Loss) from discontinued operation | **—** | — | — | 993,891 | (74,909) |
| Profit for the year | **711,501** | 2,618,067 | 3,175,180 | 1,630,503 | 622,378 |
| Loss (Profit) attributable to non-controlling interests | **3,852** | 2,184 | (6,204) | (8,987) | (3,129) |
| Profit attributable to owners of the Company | **715,353** | 2,620,251 | 3,168,976 | 1,621,516 | 619,249 |

| | At 31 December | | | | |
|---|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | 2021 HK$'000 | 2020 HK$'000 | 2019 HK$'000 |
| **Assets and Liabilities** | | | | | |
| Non-current assets | **8,722,047** | 8,261,101 | 8,249,820 | 8,364,572 | 7,464,459 |
| Current assets | **15,240,797** | 16,515,430 | 18,250,971 | 14,799,413 | 13,381,128 |
| Current liabilities | **(6,012,956)** | (5,246,593) | (6,889,309) | (5,335,856) | (4,432,299) |
| Net current assets | **9,227,841** | 11,268,837 | 11,361,662 | 9,463,557 | 8,948,829 |
| Non-current liabilities | **(2,145,930)** | (3,672,407) | (4,199,793) | (4,633,882) | (4,781,596) |
| Total equity | **15,803,958** | 15,857,531 | 15,411,689 | 13,194,247 | 11,631,692 |
| Non-controlling interests | **(112,911)** | (119,025) | (136,263) | (24,658) | (3,376) |
| Equity attributable to owners of the Company | **15,691,047** | 15,738,506 | 15,275,426 | 13,169,589 | 11,628,316 |

*Note:* The Group discontinued its materials business after the deemed disposal of the subsidiaries of Materials business on 28 December 2020. The financial figures were extracted from the 2020 annual report.

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