

TARGET

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ASM PACIFIC TECHNOLOGY LTD: GETTING TO LOVE EQUITY ACCOUNTING ... WHEN OCCASIONS PRESENT THEMSELVES

ASM Pacific Technology Ltd (Code 522, Main Board, The Stock Exchange of Hongkong Ltd), over the past five Financial Years, ended December 31, 2020, had been on a roller-coaster ride in terms of its Bottom Lines.

The 2020 Annual Report saw the Company's Net Profit Attributable to Shareholders rise to \$HK1,621,516,000.00, an increase, Year-On-Year, of about 161.85 percent.

The 2019 Financial Year was the worst Financial Year of the past five Financial Years, with the Net Profit Attributable to Shareholders, coming in a \$HK619,249,000.00.

Based on the subsidiary's consultant's report and the Directors' estimate of the expenditure, required to settle the Group's obligations in relation to the litigation, a provision of approximately \$HK14,600,000.00 (December 31, 2020: \$HK17,070,000.00) was made.

While the Net Profit Attributable to Shareholders was on a roller-coaster ride in the 2019 Financial Year, the Revenue of the Company with regard to the past five Financial Years, was relatively stable, at between a low of \$HK14.03 billion (the 2019 Financial Year) and a high of about \$HK19.55 billion (the 2018 Financial Year).

On February 25, 2020, the Chairperson of the Company, Ms Orasa Livasiri, an Independent, Non-Executive Director, in indicating, obliquely, as to the suggested reasons for the material fall in the Net Profit Attributable to Shareholders, vis-à-vis the 2018 Financial Year when the Company booked a Net Profit Attributable to Shareholders of about \$HK2,216,062,000.00, made mention, unceremoniously, of the outbreak of the Covid-19 Pandemic, during the 2019 Financial Year, in addition to suggestions of the difficult times that Management had encountered.

Scanning the Financial Highlights of the Company with regard to the 2019 Financial Year, it was noted that the Gross Profit Margin had fallen to 34.78 percent (2018: 38.04 percent), while the Net Profit Margin came in at 3.90 percent, vis-à-vis the 2018 Financial Year when it stood at 11.34 percent.

Earnings Per Share with regard to the 2019 Financial Year were \$HK1.52, a figure that was 72.21 percent lower than that of the 2018 Financial Year's figure of \$HK5.47.

Reverting to the 2020 Financial Year, Chairperson Orasa Livasiri, on February 25, 2021, explained, at Page Six of her Statement to Shareholders:

'A DECISIVE RESPONSE TO AN UNPRECEDENTED GLOBAL PANDEMIC

'The COVID-19 pandemic continues to loom large in our collective memory. Nearly a year ago, at its outset, the Group activated its business continuity teams to direct and execute a comprehensive response across all the regions where it operates. The Group's actions were guided by two key principles. First, to support employees, customers, suppliers and partners, and to focus on maintaining their trust. Second, in looking ahead, to drive initiatives that would enable the Group to emerge stronger over the longer term. I am proud to report that with the remarkable resilience and adaptability of our employees, suppliers and partners, the Group managed to decisively resolve operational constraints and continue delivering on its commitments. The pandemic continues to present severe social and economic challenges, which have also given rise to unprecedented opportunities. These can be summed up as a tectonic, sustained shift toward accelerated digital adoption and transformation initiatives and activities — across organisations, industries, societies and the global economy. At this point, the Group has managed to navigate the challenges posed by the pandemic very well and it is benefitting from various opportunities that have presented themselves...

'A NEW GROWTH PATH FOR THE MATERIALS SEGMENT

'The Group, together with Wise Road Capital LTD (智路資本有限公司) and Asia-IO Capital Management Limited, formed a Strategic Joint Venture (SJV) for the Group's Materials Segment Business Unit, which designs and manufactures lead frames. This SJV has been rebranded as Advanced Assembly Materials International Limited (AAMI) upon completion of the transaction. I am confident the inherent complementary strengths of AAMI's partners will propel the Materials Segment's business, which has already been strong, towards even greater heights. The Group retains ownership of 44.44% of AAMI and it continues to be of significant strategic importance to the Group.

'FINANCIAL PERFORMANCE FOR 2020

'The Group generated revenue of HK\$16.89 billion (US\$2.18 billion) for the full year 2020, representing a YoY growth of 6.3%. This excellent performance reflects the growth and diversification of the semiconductor industry's demand drivers and bodes well for the Group's core businesses. In addition, the breadth of the Group's technology portfolio is a key asset that has helped the Group to become a much more resilient company, balanced across different market areas and thus able to navigate and

*thrive through a variety of market conditions. While the Group assiduously managed its spending carefully throughout the year, it also continued its longstanding commitment to allocating a significant amount of its equipment revenue to R&D (**R**esearch and **D**evelopment), continuing the pipeline for new product and capability development. This has and will continue to ensure the Group is best positioned to lead, guide and accelerate its customers' technology roadmaps in order to take crucial advantage of the tremendous opportunities that lie ahead in the electronics manufacturing sphere.'*

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