

[For Immediate Release]

**ASM'S 2005 INTERIM NET PROFIT REACH HK\$323.6 MILLION**

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**ACHIEVES THE GROUP'S 6TH HIGHEST EPS FOR SIX-MONTH PERIOD  
AMIDST 1ST QUARTER'S INDUSTRY TROUGH**

**Summary**

- ASM's 2005 interim turnover amounted to HK\$1,457.2 Million, representing an reduction of 36.1% as compared to the same period in the previous year
- Consolidated profit after taxation decreased 47.2% to HK\$323.6 Million
- Ending order backlog as of June 30, 2005 was in excess of US\$80 million
- Holding net cash on hand of HK\$520.5 million
- The Board of Directors has resolved to pay an interim dividend of HK\$0.50 per share and a special dividend of HK\$0.20 per share

(HONG KONG, July 26, 2005) – World's No.1 semiconductor assembly equipment supplier ASM Pacific Technology Limited ("ASM" / the "Group") (Stock code: 522) today announced its interim results for the six months ended June 30, 2005. The Group successfully widened the gap with No. 2 on a rolling twelve-month basis and achieved the Group's 6th highest EPS for six-month period amidst 1st quarter's industry trough.

For the interim period ended June 30, 2005, ASM achieved a turnover amounting to HK\$1,457,183,000, representing a decrease of 36.1% as compared with HK\$2,280,710,000 for the same period of the previous year and 5.9% decrease when compared with the turnover of HK\$1,548,220,000 for the preceding six-month period. The Group's consolidated profit after taxation for the six months was HK\$323,591,000, which was 47.2% lower than the corresponding period in 2004 and 16.9% smaller than the previous six-month period. Basic earnings per share (EPS) for the half year period amounted to HK\$0.84 (2004: HK\$1.59). The Board of Directors has resolved to pay an interim dividend of HK\$0.50 (2004: HK\$0.45) per share and a special dividend of HK\$0.20 (2004: HK\$0.55) per share.

**Mr. Patrick Lam, Managing Director of ASM** said, "The assembly and packaging equipment industry has regained strength since March 2005, and ASM has experienced much stronger inflows of orders in the past few months. With billings reaching the low point (as compared with the recent eight quarters) in the first quarter of 2005, the industry recovery thus far has been in-line with most analysts' expectations. As outputs catching up on demands during the second quarter, our book to bill ratio for the first six months was 1.11 and our ending order backlog as of June 30, 2005 was in excess of US\$80 million."

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During the review period, the Group continued to record healthy financial position. Return on capital employed and on sales were 16.3% and 23.1% respectively. Net cash on hand was HK\$520.5 million as at 30th June 2005. Debt-equity ratio was as low as 34% with zero long-term debt and bank borrowing.

The Group continued to enjoy a good geographical spread mirroring the investment climate of the industry, with Mainland China overtaking other countries to become its largest (23.0%) market, followed by Taiwan (18.2%). During the first half of 2005, sales attributable to its five largest customers combined were 27.9% of the total, with no customer exceeding 10%, clear evidence of the success of ASM's diversified market strategy.

Improved market demands coupled with capacity expansion and operational improvements in the Group's China, Singapore and Malaysia leadframe factories resulted in record leadframe billings during the 2nd quarter. With steady progress in stamped and QFN etched frames, leadframe business represented 19.5% of the Group's turnover – in a period when capital investments by its customers were not so strong. With its planned strategic realignment, the Group's Malaysian plant in Johor Bahru, Malaysia is now handling the complete etched frames post-plating operation and its newly installed plating lines are undergoing customer qualification. When the transfer of all plating activities completed by end of this year, the enlarged operation should enhance ASM's cost-competitiveness and etched frames output.

Turning to product development, the Group's Twin Eagle and Eagle 60 AP both migrated to volume production and have been well-received by customers. During the past few months, stacking of thin die and 300 mm. wafer requirements also opened up new opportunities for ASM to enlarge its bonder customer base. The Group also launched its highly flexible, low cost (for both the system and tooling) encapsulation system – Osprey – for today's high density frames. Combining its die bonder, dual-head wire bonder and this Osprey encapsulation system enable ASM to offer a flexible manufacturing system (FMS) for front-of-line assembly. This unique FMS will complement ASM's IDEALine – a popular factory automation solution for CMOS image sensor assembly in the past two years – in serving high-volume production requirements.

Looking ahead, most industry analysts (SIA, WSTS, Dataquest, iSuppli, VLSI Research) project a moderate single-digit (5 – 6%) growth for the semiconductor industry in 2005, to be followed by higher growth rate close to 10% in 2006. IC unit volume is forecasted to have a compound annual growth rate of 9.31% over the 2004-2009 period. For the assembly equipment market, most pundits (SEMI, Dataquest) expect the market to gain momentum with time and a negative growth for 2005 ranging from 16.5 – 26.4% to be followed by double-digit (15-30%) positive growth in the next two years.

“In addition to having the highest revenue in the assembly and packaging equipment industry since 2002, we have persisted in our policy of spending 10% of our equipment turnover on research and development and ignored short-term sales fluctuation. Our R&D spending has consistently risen over the last three years and our 2004 R&D expenditure was the 2nd highest in the industry and 58% larger than our outlay in 2001. In contrast, R&D expenses of our leading competitors have consistently dwindled, with their 2004 R&D expenditure shrinking to 42 – 81% of their own 2001 spending. We believe that our aggressive and consistent investments for the future in facilities, R&D and manpower developments will give us an important competitive advantage and yield a corresponding profitable return,” Mr. Lam said.

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The HK\$200 million capital investment budgeted for 2005 will proceed as planned to further strengthen the Group's R&D analytical equipment and information technology infrastructure, the rapid prototyping of parts to support its product development and equipping the new Malaysian plant with tooling and plating capabilities.

The Group has been consistently rejuvenating its product offerings and widened their scope to cultivate new openings in the IC packaging market. Leveraging its technology in motion control and linear motors, the Group will be launching new models of aluminum wire bonder and discrete die bonder in the near future. To sustain ASM's two-decade leadership in the chip-on-board application market, ASM's new generation aluminum wire bonder, scheduled for volume shipments in mid-2005, is designed to offer unrivalled cost-of-ownership and 20 – 30% higher throughput than its predecessor. Similarly, the next generation discrete die bonder, equipped with linear motors for its bonthead and capable of attaching 20,000 small die per hour, will be ready for field testing during the 2nd half of 2005.

“Supporting our clients with factory automation and packaging development using ASM's equipment and leadframes, we are offering them unparalleled value propositions. Our new equipment management software assists customers to control their precious assets more efficiently, providing recipe downloading, tracking machine performance and progress monitoring at remote sites. This innovative solution-selling strategy markedly differentiates ASM from all our competitors, increasing market penetration and enabling us to further expand our business. Amidst an improving market, we have confidence that ASM will continue to out-perform our industry peers and sustain our premier position in 2005,” Mr. Lam concluded.

### **About ASM Pacific Technology Limited**

ASM has been continuously enlarging its market share, and ranks No. 1 in the world's semiconductor assembly and packaging equipment industry. ASM was listed on the Hong Kong Stock Exchange in 1989. The Group is principally engaged in the design, manufacture and marketing of machines, tools and materials used in the assembly and packaging of semiconductors, with operations being carried out in Hong Kong, China, Singapore and Malaysia.

Currently, ASM is one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, and the Hang Seng Information Technology Industry Index.

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*(N.B.: Enclosed please find the Consolidated Income Statement and Consolidated Balance Sheet of ASM Pacific Technology Limited.)*

# ASM Pacific Technology Limited

## CONSOLIDATED INCOME STATEMENT

	Six months ended 30th June,	
	2005	2004
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover	1,457,183	2,280,710
Cost of sales	(802,860)	(1,264,496)
Gross profit	654,323	1,016,214
Other operating income	13,077	8,481
Selling expenses	(138,812)	(156,605)
General and administrative expenses	(64,848)	(66,211)
Research and development expenses, net	(119,015)	(142,447)
Profit from operations	344,725	659,432
Finance costs	(3)	(5)
Profit before taxation	344,722	659,427
Taxation	(21,131)	(46,194)
Profit for the period	323,591	613,233
Interim Dividend	192,634	172,561
Special Dividend	77,054	210,909
Total Dividends	269,688	383,470
Earnings per share		
- Basic	HK\$0.84	HK\$1.59
- Diluted	HK\$0.84	HK\$1.59

# ASM Pacific Technology Limited

## CONSOLIDATED BALANCE SHEET

	At 30th June, 2005 (Unaudited) <i>HK\$'000</i>	At 31st December, 2004 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>		
Property, plant and equipment	793,088	772,006
Prepaid lease payments	9,143	9,370
Deferred tax assets	1,788	1,999
	<u>804,019</u>	<u>783,375</u>
<b>Current assets</b>		
Inventories	670,043	554,830
Trade and other receivables	836,730	642,223
Prepaid lease payments	446	446
Bank balances and cash	520,531	763,359
	<u>2,027,750</u>	<u>1,960,858</u>
<b>Current liabilities</b>		
Trade and other payables	601,853	461,284
Taxation	112,329	103,099
	<u>714,182</u>	<u>564,383</u>
<b>Net current assets</b>	<u>1,313,568</u>	<u>1,396,475</u>
	<u>2,117,587</u>	<u>2,179,850</u>
<b>Capital and reserve</b>		
Share capital	38,527	38,527
Dividend reserve	269,688	404,532
Other reserves	1,805,816	1,734,406
<b>Shareholders' funds</b>	<u>2,114,031</u>	<u>2,177,465</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,556	2,385
	<u>2,117,587</u>	<u>2,179,850</u>