

[For Immediate Release]

**ASM PACIFIC TECHNOLOGY REPORTS ANNUAL NET PROFIT
INCREASE OF 87.1% TO HK\$1.0 BILLION FOR 2004**

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**34.9% REVENUE LEAD OVER THE CLOSEST COMPETITOR
RETAINS WORLD NO. 1 POSITION IN ASSEMBLY & PACKAGING EQUIPMENT INDUSTRY**

Summary

- Achieved 47.0% turnover growth to HK\$3.8 billion with the equipment business growing faster than major competitors
- Delivered 87.1% earnings growth, the second highest earnings in ASM's history and in excess of HK\$1 billion
- Cash on hand increased by 48.8% to HK\$763.4 million at year end
- The Board of Directors has recommended to pay a final dividend of HK\$1.05 per share

(Hong Kong, February 24, 2005) — World No.1 semiconductor assembly equipment supplier ASM Pacific Technology Limited (“ASM” / the “Group”) (Stock code: 522) today announced its annual results for the year ended 31st December, 2004. ASM continued to gain the largest market share and outperformed its industry peers. The Group further enlarged the revenue gap with its closest rival to US\$108 million or 34.9%.

During the year, the Group achieved a turnover of HK\$3,828,930,000 and net profit of HK\$1,002,595,000, a growth of 47.0% and 87.1% respectively as compared with HK\$2,604,823,000 and HK\$535,873,000 in 2003. Both figures represent the second highest numbers in ASM's corporate history. In fact, capitalizing on the strong market environment during the first half of 2004, the Group achieved new heights in revenues and profitability over the six-month period, surpassing previous peaks in year 2000. Basic earnings per share for the year amounted to HK\$2.61 (2003: HK\$1.40).

With no short term requirements for any major cash outlays and the positive cash flow from operations generated in the past five years, the Board of Directors has decided to recommend a final dividend of HK\$1.05 (2003: HK\$0.84) per share, making a total dividend payment of HK\$2.05 (2003: HK\$1.20) per share for the year ended 31st December, 2004, inclusive of the special dividend of HK\$0.55 per share. This translates into a 78.6% dividend payout ratio for the current year profit.

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Mr. Patrick Lam, Managing Director of ASM said, “Consistent with our results over the last five years, we are delighted that ASM once again outperformed our industry peers and maintained our number one position in the industry. Our diversified products strategy has proved to be highly successful, resulting in our financial performance repeatedly outshining our competitors at challenging times. Our equipment business, which represented 84.9% of the Group’s turnover in 2004, grew 50.2% to US\$417.5 million, achieving a higher growth rate than our major competitors. Such a strong financial performance clearly reflects ASM’s leadership position in the two largest market segments – the wire and die bonder areas – and the market’s growing acceptance of other ASM products and services.”

Heavy market demands coupled with capacity expansion and operational improvements in the Group’s new China factory and Singapore plants resulted in 31.2% growth of the Group’s leadframe business to US\$74.1 million in 2004, representing 15.1% of the Group’s turnover. Both stamped and QFN etched frames made good inroads in its target markets, growing faster than the leadframe industry as a whole which increased by 14.3% last year according to SEMI’s January 2005 report.

Over the years, ASM continued to streamline its working capital management and maintain a healthy financial position. Last year, it saw the fruits of the Group’s past efforts and achieved record inventory turnover of 7.06 times, with ending inventory only slightly increased by 4.8% in order to deal with the much higher revenue. Return on capital employed and on sales was 48.8% and 27.5% respectively; both are ASM’s second highest on record. Due to good control of working capital and strong positive cash flow from operation, cash on hand as of 31st December, 2004 increased by 48.8% to HK\$763,359,000. Gearing remained at zero, the same as the past five years.

Last year, the Group launched the world’s highest throughput and the lowest cost-of-ownership bonding machine Twin Eagle wire bonder (35 microns capability) featuring two bonding heads, delivering a productivity gain of 80 – 100% depending on applications. Concurrently, another new model wire bonder, the Eagle 60 AP, capable of 30 microns linear pad pitch bonding also migrated to volume production towards end of the year. ASM also offered a new IC die bonder catering for smaller die sizes with a 30% productivity enhancement over its universal platform. Besides its flip chip bonder for eutectic solder process, the Group also offers a complete solution for the small input/output (I/O) flip chip devices with gold or copper stud bumping and thermosonic attachment process. As to deal with a much wider range of products and a record production run rate during the first six months of the year, together with the investments for the new Malaysian plant, the Group made aggressive capital expenditure amounting to HK\$299.8 million in 2004.

Looking ahead, as outlook in consumer spending remains positive and semiconductor content is rising in numerous end products, most industry analysts forecast a moderate single-digit (0 – 9%) growth for the semiconductor industry in 2005, to be followed by higher growth rate in 2006. According to the 2004 Electronic Trend Publication, IC unit volume is projected to have compound annual growth rate (CAGR) of 10.55% over the 2003 – 2008 period. For the assembly equipment market, most pundits currently project a negative growth for 2005 ranging from 2 – 22% and expect a double-digit increase again in 2006.

“In the recent years, the assembly equipment industry has been characterized by its quick swings upwards or downwards responding to end-market inventory-level adjustments. Our ending order backlog as of 31st December, 2004 was US\$63 million. To ensure that ASM can flexibly cope with these sudden changes, we have carefully evaluated our raw materials pipe-line and work-in-progress (WIP) and take appropriate actions. Although it is premature to draw any conclusions, unlike the previous quarter we have seen some rush orders for capacity-related equipment like wire bonders in the recent weeks. Hopefully this may indicate that we have passed the trough and the turning point has arrived sooner than the sceptics’ projection of the second half of the year,” Mr. Lam said.

Over the years, the Group has persisted with its product diversification strategy to build a thriving company more resilient to industry fluctuation than its competitors. Its differentiated, exciting new wire and die bonders with unmatched cost-of-ownership and process capability, should propel ASM forward by gaining new customers in the industry’s biggest and second largest product market segments. The good progress the Group made on flip chip bonders, encapsulation equipment, integrated test handlers and other chip size/scale (CSP) assembly equipment have laid a solid foundation for growth, empowering ASM to aggressively pursue future market opportunities. Leading customers have also shown their recognition of ASM’s long-term commitment to leadframes and demonstrated enthusiasm to expand business with ASM.

By supporting clients with different packaging and factory automation solutions using ASM’s equipment and leadframes, such as image sensor assembly, QFN packaging, high brightness LED, copper wire bonding, etc., the Group is offering them unparalleled value propositions that have repeatedly unlocked doors not accessible by a standalone product field evaluation. Its innovative solution-selling strategy markedly differentiates ASM from all its competitors, enabling the Group to further expand its business.

To further strengthen its R&D analytical equipment and information technology infrastructure, the rapid prototyping of parts to support its equipment product development, and equipping Malaysian plants with tooling, stamping and plating capabilities, capital investment of HK\$200 million was planned for 2005. Management believes that its aggressive and consistent investments for the future in facilities, process and product developments will lead ASM to higher ground and yield a corresponding return.

“With the wealth of process and enabling technologies accumulated over the years, a track record of successful execution of our customer-centred business strategy and the most efficient cost structure in our industry, ASM is well-positioned to compete in the market place. Our 34.9% revenue lead over the closest competitor in 2004 further crystallized our premier position in the industry. The lengthy battle for market share in a dynamic market environment naturally favours the combatant who possesses richer resources and a greater abundance of world-class products. We believe that ASM will continue to out-perform our industry peers in both strong and soft market scenarios,” 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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