



# ASM PACIFIC TECHNOLOGY LIMITED

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

## INTERIM REPORT SIX MONTHS ENDED 30TH JUNE, 2004

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement.

### RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASM”) achieved a record turnover amounting to HK\$2,280,710,000 for the six months ended 30th June, 2004, representing an increase of 111.8% as compared with HK\$1,076,926,000 for the same period of the previous year and 49.3% improvement over the turnover of HK\$1,527,897,000 of the preceding six-month period. The Group’s consolidated profit after taxation for the six months is another new record amounting to HK\$613,233,000, which is 221.7% higher than the corresponding period in 2003 and 77.6% gain over the previous six-month period. Basic earnings per share for the half year period amounted to HK\$1.59 (2003: HK\$0.50).

### DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK\$0.45 (2003: HK\$0.36) per share and a special dividend of HK\$0.55 per share. This is in line with our prudent policy, as stated in the past several financial result announcements, to return current excessive cash holdings to our shareholders while continuing to operate the Group with the optimum shareholders’ funds. ASM intends to further its organic growth path in the near term through enlarging market share with its diversified, high performance products. There is no short term need for major cash outlay and the Group has also consistently managed to generate positive cash flow from operations in each of the past 15 years since its initial public offering (IPO) in late 1988.

The Register of Members will be closed from 17th August, 2004 to 24th August, 2004, both days inclusive. In order to qualify for the interim dividend and the special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 16th August, 2004. The interim dividend and the special dividend will be paid on or about 25th August, 2004.

### REVIEW

Against a backdrop of healthy economic indicators, robust consumer spending, reasonable political stability and a historically positive USA election year, demands for electronic goods such as personal computers, cell phones, digital cameras and multi-media products have been very strong. The recovery of the semiconductor and its equipment industries which started in the latter part of 2003 has continued with significantly higher momentum. Assembly equipment to produce advanced packages like the stacked die and QFNs commonly found in new handheld products, and those related to state-of-the-art IC fabrication like fine pitch wire bonding and 300 mm wafer handling have become hot items; equipment delivery lead times are now back to normal levels. With higher market demand and larger capacity installed, many of our customers experienced record revenues

during the 2nd quarter, despite the price erosion effect. Industry analysts have repeatedly upgraded their 2004 forecasts, raising the semiconductor and assembly equipment industry revenue growths to 26% and 71% respectively, according to the latest VLSI Research data in July 2004.

With steady and consistent gains in market share, especially in the die and wire bonder market segments, ASM once again outperformed its industry peers and maintained its number one position in the assembly & packaging equipment industry. We achieved a Group turnover of US\$292.9 million and net profit of HK\$613.2 million during the past six months, representing a growth of 111.8% and 221.7% respectively as compared with the corresponding period of 2003. Both six-month revenues and net profit broke new ground in ASM corporate history, surpassing their previous peaks in 2000. Return on equity and on capital employed for the six months are 28.4% and 30.5% respectively. In spite of our success in ramping up to record production output, strong order inflows during the past six months led to our ending order backlog as of 30th June, 2004 increasing to US\$130 million (US\$119 million as of 31st December, 2003).

This outstanding result was largely due to the solid foundation laid over the years by the diversification of our products and application markets, efficient cost structure and successful introduction of new and technologically advanced products. During the first half of 2004, sales attributable to our five largest customers combined were 33.6% of the total, with only one customer exceeding 10%, clear evidence of the success of our diversified market strategy. We continued to enjoy a wide geographical spread mirroring the investment climate of the industry, with Taiwan being our largest (23.1%) market, followed by Mainland China (18.9%). Shipments to China during this six-month period were US\$55.5 million. When compared with equivalent sales for the whole of the year 2003 (US\$53.3 million), it is already obvious this territory will attain another new record this year.

Our recent relocation to an integrated China factory and continued capacity expansion have resulted in higher leadframe output, with revenues matching the level of year 2000 during the first six months. Reflecting our industry pre-eminence and continuous gain in market share, our equipment sales were 13.3% higher than the past peak experienced in the 2nd half of 2000. As such, the revenue split became 87.3:12.7 (equipment : leadframes), indicative of strong capital investment by our customers during the past half year. Being recognized for ASM's technological leadership and product innovation, we were once again selected by Advanced Packaging magazine as the Winners of the 2004 Advanced Packaging Awards in both the Die Bonding and Encapsulation categories.

To contain our equipment lead time well within customer-acceptable limits and to deal with the complexity of our diversified products, we have been aggressively adding parts-fabrication CNC machines to boost output. Equipping the newly-acquired floor space in China and Hong Kong, enhancing our R&D capabilities and information technology infrastructure, and establishing our Malaysian leadframe plant (progressing as planned), HK\$136 million worth of assets were received during the first six months. It is now projected that we need to enlarge our 2004 capital investment budget to HK\$300 million (originally HK\$250 million) to cope with the acceleration in expanding business. In parallel, we have also beefed up our sales and service, production and product development staffs, reflecting our commitment to customer satisfaction.

Our customers' needs for continued lower assembly and packaging cost while pushing the technology envelope of wire bonding equipment to meet fine pitch challenges call for innovative solutions. After extensive in-house and field tests, we have launched our Twin Eagle wire bonder (35 microns capability) featuring two bonding heads, resulting in a productivity gain of 80–100% depending on applications. It requires only 30% more floor space than our Eagle 60 — the current model in high volume production — making our Twin Eagle the highest throughput and the best cost-of-ownership bonding machine in the world today. At the same time, our new

model wire bonder, the Eagle 60 AP, capable of 30 microns linear pad pitch bonding and 10% faster than our Eagle 60, has been evaluated by several key customers with favorable feedback. These two new models of wire bonders are ready for volume shipment to customers during the 3rd quarter of 2004.

Concurrently, in the chip attachment process, we also tackled the smaller IC die market segment with a new die bonder 30% faster than our universal platform — a differentiated performance much appreciated by our customers. In addition to our flip chip bonder addressing the eutectic solder process, ASM also offers a complete solution for the small input/output (I/O) flip chip devices with gold or copper stud bumping and thermosonic attachment processes.

While we have had to deal with a record production run rate and an increased work-in-progress of our new and existing products to meet prompt delivery demands, the enterprise resources planning (ERP) software widely implemented within ASM worldwide has proved to be an effective tool in streamlining our logistics, inventory and cash management. We managed to maintain our total inventory of HK\$557.6 million (HK\$529.5 million as of 31st December, 2003) well within limits, achieving an increased inventory turnover of 8.4 times, much better than previous years. The high receivables reflect increasingly stronger sales during the period, resulting in 76.3 days sales outstanding. Combining the effect of the change in operating capital with earnings from operations, we generated a free cash flow of HK\$578.5 million and a return on invested capital of 41.3% during the past six months.

After paying last year's final dividend of HK\$323.4 million in April and funding capital investment of HK\$136 million, due to strong earnings during the six-month period, net cash on hand as of 30th June, 2004 was at an all-time high of HK\$766.5 million. Our current ratio stands at 2.7, with zero long-term debt and bank borrowing, and a debt-equity ratio of only 40.4%. With no short-term needs and an on-going positive cash flow from organic growth operation, these figures permit ASM's management to recommend a sustained high level of dividend and a one-time special dividend at this stage to return the excessive cash holdings to our shareholders. As reported to the Hong Kong Stock Exchange in June, based on one of the resolutions passed at our last Annual General Meeting, management exercised the mandate to buy back 1,548,000 shares of ASM Pacific Technology for a total consideration of HK\$42.5 million, averaging HK\$27.44 per share.

## PROSPECTS

With consumer spending outlook strong and increasing semiconductor content in various end products, most industry analysts (SIA, Dataquest, IC Insights, VLSI Research and WSTS) predict very strong double-digit growth (25–29%) for the semiconductor industry in 2004, to be followed by moderate growth in 2005 with divergent forecasts ranging from 4–23%. IC unit volume is expected to rise 15% in 2004 and 8–10% in 2005. To meet the constant challenges of higher performance, diversified functionalities, cost reduction and product miniaturization, more and more new IC packages are being designed with finer line width, stacked die, chip scale form factor (e.g. QFN) and system in package (SIP), necessitating the latest generation of assembly equipment; this trend dovetails precisely with ASM product offerings and our development roadmap.

For the assembly equipment market, the sudden surge in demand for capacity-related equipment that occurred in the first three months of the recovery has transformed into prudent purchases for capability and capacity expansion. While demands remain broad-based and across different application markets, capacity increases are now targeted to keep pace with unit growth. Most pundits (Dataquest, SEMI, VLSI Research) have upgraded their 2004 forecasts with very optimistic 63–71% increases and the outlook for 2005 is for moderate growth (divergent views of 2–17% growth among the three forecasting firms) sustaining a high level of activities. Furthermore, they believe that the market regions of China and Taiwan are expected to see the strongest investments.

Although it is more challenging to manage and develop multiple products serving diversified market segments, over the years we have persisted with this business philosophy to build a thriving company more resilient to industry fluctuation. As the market recovers to normal growth, the high operating leverage effect has clearly worked positively for ASM, generating funds to support further research and development efforts as well as rewarding our loyal shareholders and employees.

Our launch of exciting new wire and die bonders (as announced in the Review Section) with unmatched cost-of-ownership and process capability, e.g. 30 microns pad pitch and copper wire bonding, should propel ASM forward by gaining new customers in the industry's biggest and second largest product market segments. The good progress we made in the recent years on encapsulation equipment, integrated test handlers and chip size (CSP) assembly equipment have laid a solid foundation for these products, permitting ASM to pursue future growth opportunities. Leading customers have shown their recognition of our long-term commitment to leadframes — as evident in our China and forthcoming Malaysian plants — and demonstrated enthusiasm to expand business with us. Management believes that our aggressive and consistent investments for the future in facilities, process and product developments will lead the Company to higher ground and yield a corresponding return.

To reinforce our strategic partnership with key customers, we support them with different packaging solutions using ASM equipment and leadframes, such as stacked die, image sensor assembly, high brightness LED, copper wire bonding, QFN packaging, etc. Bonding on low k dielectric, fine line width, copper interconnect and thin wafers poses new challenges to our customers, and ASM has offered continued process enhancements to satisfy these demands. Recognizing the benefits of cycle time and smaller work-in-progress derived from factory automation, ASM has provided integrated systems for customers' high volume and small lot production, servicing the latter with low cost tooling and highly flexible machines. We realize our customers have an ongoing need to manage their precious assets more efficiently, and ASM is addressing this requirement with new equipment management software.

In addition to offering world-class products, ASM's innovative solution-selling strategy markedly differentiates us from all our competitors. These unparalleled value propositions to customers have proven effective time after time in unlocking doors not accessible by a standalone product field evaluation, enabling us to further expand our business.

With the foundation laid over the years by our diversified products serving different application markets, market leadership in die and wire bonders generating capacity-related business in boom times, process and enabling technologies resulting in a stream of exciting new products, and vertical integration in product design and manufacturing achieving the most competitive cost structure, ASM is well-positioned to benefit from the current strong market environment. It is management's belief that ASM will continue to gain market share and outperform our industry peers in 2004.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 30th June,	
		2004	2003
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	2,280,710	1,076,926
Cost of sales		<u>(1,264,496)</u>	<u>(624,781)</u>
Gross profit		1,016,214	452,145
Other operating income		8,481	3,770
Selling expenses		(156,605)	(100,268)
General and administrative expenses		(66,211)	(45,744)
Research and development expenses, net		<u>(142,447)</u>	<u>(102,056)</u>
Profit from operations		659,432	207,847
Finance costs		<u>(5)</u>	<u>(46)</u>
Profit before taxation		659,427	207,801
Taxation	4	<u>(46,194)</u>	<u>(17,206)</u>
Net profit for the period		<u>613,233</u>	<u>190,595</u>
Dividends	5	<u>383,470</u>	<u>137,999</u>
Earnings per share	6		
— Basic		<u>HK\$1.59</u>	<u>HK\$0.50</u>
— Diluted		<u>HK\$1.59</u>	<u>HK\$0.50</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		At 30th June, 2004 <i>(Unaudited)</i> HK\$'000	At 31st December, 2003 <i>(Audited)</i> HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	7	684,152	696,652
Deferred tax assets		<u>2,162</u>	<u>2,353</u>
		<u>686,314</u>	<u>699,005</u>
<b>Current assets</b>			
Inventories		557,595	529,542
Trade and other receivables	8	1,021,901	740,250
Bank balances and cash		<u>766,538</u>	<u>513,078</u>
		<u>2,346,034</u>	<u>1,782,870</u>
<b>Current liabilities</b>			
Trade and other payables	9	751,496	486,634
Taxation		<u>115,461</u>	<u>70,512</u>
		<u>866,957</u>	<u>557,146</u>
<b>Net current assets</b>		<u>1,479,077</u>	<u>1,225,724</u>
		<u>2,165,391</u>	<u>1,924,729</u>
<b>Capital and reserves</b>			
Share capital	10	38,347	38,502
Dividend reserve		383,470	323,415
Other reserves		<u>1,737,655</u>	<u>1,553,585</u>
<b>Shareholders' funds</b>		2,159,472	1,915,502
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>5,919</u>	<u>9,227</u>
		<u>2,165,391</u>	<u>1,924,729</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2004**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January, 2003	38,333	126,528	—	70,944	(79,262)	1,354,197	245,332	1,756,072
Shares issued under the Employee Share Incentive Scheme	169	—	—	—	—	—	—	169
Exchange differences on translation of financial statements of operations outside Hong Kong and gains not recognised in the consolidated income statement	—	—	—	—	6,719	—	—	6,719
Net profit for the year	—	—	—	—	—	535,873	—	535,873
2003 interim dividend declared	—	—	—	—	—	(137,999)	137,999	—
2003 final dividend provided	—	—	—	—	—	(323,415)	323,415	—
Dividends paid	—	—	—	—	—	—	(383,331)	(383,331)
Balance at 1st January, 2004	38,502	126,528	—	70,944	(72,543)	1,428,656	323,415	1,915,502
Repurchase of shares	(155)	—	155	—	—	(155)	—	(155)
Premium paid on repurchase of shares	—	(42,330)	—	—	—	—	—	(42,330)
Exchange differences on translation of financial statements of operations outside Hong Kong and losses not recognised in the consolidated income statement	—	—	—	—	(3,363)	—	—	(3,363)
Net profit for the period	—	—	—	—	—	613,233	—	613,233
2003 final dividend paid	—	—	—	—	—	—	(323,415)	(323,415)
2004 interim dividend declared	—	—	—	—	—	(172,561)	172,561	—
2004 special dividend declared	—	—	—	—	—	(210,909)	210,909	—
<b>Balance at 30th June, 2004</b>	<b>38,347</b>	<b>84,198</b>	<b>155</b>	<b>70,944</b>	<b>(75,906)</b>	<b>1,658,264</b>	<b>383,470</b>	<b>2,159,472</b>
Balance at 1st January, 2003	38,333	126,528	—	70,944	(79,262)	1,354,197	245,332	1,756,072
Exchange differences on translation of financial statements of operations outside Hong Kong and losses not recognised in the consolidated income statement	—	—	—	—	(5,688)	—	—	(5,688)
Net profit for the period	—	—	—	—	—	190,595	—	190,595
2002 final dividend paid	—	—	—	—	—	—	(245,332)	(245,332)
2003 interim dividend	—	—	—	—	—	(137,999)	137,999	—
Balance at 30th June, 2003	38,333	126,528	—	70,944	(84,950)	1,406,793	137,999	1,695,647

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th June, 2004 <i>(Unaudited)</i> HK\$'000	Six months ended 30th June, 2003 <i>(Unaudited)</i> HK\$'000
Net cash from operating activities	751,477	127,565
Net cash used in investing activities	(131,971)	(53,891)
Net cash used in financing activities	(365,900)	(248,814)
Net increase (decrease) in cash and cash equivalents	253,606	(175,140)
Cash and cash equivalents at beginning of the period	513,078	465,569
Effect of foreign exchange rate changes	(146)	134
Cash and cash equivalents at end of the period	766,538	290,563



NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2004

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2003.

2. SEGMENT INFORMATION

The Group’s primary format for reporting segment information is business segments.

Business segments

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Turnover		
Equipment	1,990,955	869,800
Leadframe	<u>289,755</u>	<u>207,126</u>
	<u>2,280,710</u>	<u>1,076,926</u>
Result		
Equipment	642,801	190,834
Leadframe	<u>13,944</u>	<u>14,715</u>
	656,745	205,549
Interest income	<u>2,687</u>	<u>2,298</u>
Profit from operations	659,432	207,847
Finance costs	<u>(5)</u>	<u>(46)</u>
Profit before taxation	659,427	207,801
Taxation	<u>(46,194)</u>	<u>(17,206)</u>
Net profit for the period	<u>613,233</u>	<u>190,595</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### Geographical segments

	Turnover	
	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Taiwan	527,954	185,382
Mainland China	432,003	202,642
Malaysia	290,538	122,499
Philippines	262,885	83,823
Korea	162,509	169,027
Hong Kong	154,006	53,804
Thailand	148,724	81,316
Singapore	112,358	82,964
United States	100,671	19,747
Europe	31,214	25,549
Indonesia	28,994	30,296
Japan	21,302	18,356
Others	7,552	1,521
	<u>2,280,710</u>	<u>1,076,926</u>

## 3. DEPRECIATION

During the period, depreciation of HK\$117.3 million (HK\$75.9 million for the six months ended 30th June, 2003) was charged in respect of the Group's property, plant and equipment.

## 4. TAXATION

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	44,687	16,934
Taxation in other jurisdictions	<u>4,612</u>	<u>1,109</u>
	49,299	18,043
Deferred taxation credit	<u>(3,105)</u>	<u>(837)</u>
	<u>46,194</u>	<u>17,206</u>

#### 4. TAXATION (CONTINUED)

Hong Kong Profits Tax has been calculated at 17.5% (17.5% for the six months ended 30th June, 2003) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's profit arising from the manufacture of semiconductor equipment and materials in Singapore is non-taxable under a tax incentive covering certain new products under the Manufacturing Headquarters status granted by the Singapore tax authority. The tax exemption applies to profits arising for a period of 10 years from 1st January, 2001, subject to the fulfillment of certain criteria during the period.

The deferred taxation credit mainly relates to the tax effect of temporary difference attributable to difference of depreciation allowances for tax purposes and depreciation charged in the financial statements.

#### 5. DIVIDENDS

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK\$0.45 (HK\$0.36 for the six months ended 30th June, 2003)	172,561	137,999
Special dividend of HK\$0.55 (HK\$nil for the six months ended 30th June, 2003)	<u>210,909</u>	<u>—</u>
	<u><u>383,470</u></u>	<u><u>137,999</u></u>

The dividends would be paid to the shareholders of the Company whose names appear in the Register of Members on 24th August, 2004.

## 6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30th June,	
	2004	2003
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>613,233</u>	<u>190,595</u>
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	384,998	383,332
Effect of dilutive potential ordinary shares from the Employee Share Incentive Scheme	<u>1,266</u>	<u>1,322</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>386,264</u>	<u>384,654</u>

## 7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$136.1 million (HK\$56.4 million for the six months ended 30th June, 2003) on acquisition of property, plant and equipment.

## 8. TRADE AND OTHER RECEIVABLES

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Trade receivables	956,387	682,650
Other receivables, deposits and prepayments	65,157	52,558
Amounts due from ASM International N.V. ("ASM International") group companies — trade <i>(Note)</i>	<u>357</u>	<u>5,042</u>
	<u>1,021,901</u>	<u>740,250</u>

*Note:* Amounts due from ASM International group companies are unsecured, non-interest bearing and repayable according to normal trade terms. ASM International is the ultimate holding company of the Company.

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms are extended to 3 to 4 months. Each customer has a maximum credit limit.

## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The aged analysis of trade receivables at the reporting date is as follows:

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Not yet due	603,749	541,220
Overdue within 30 days	243,461	113,766
Overdue within 31 to 60 days	70,042	27,664
Overdue within 61 to 90 days	28,688	—
Overdue over 90 days	<u>10,447</u>	<u>—</u>
	<u><u>956,387</u></u>	<u><u>682,650</u></u>

## 9. TRADE AND OTHER PAYABLES

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Trade payables	455,490	334,161
Other payables and accrued charges	295,590	152,041
Amounts due to ASM International group companies — trade <i>(Note)</i>	<u>416</u>	<u>432</u>
	<u><u>751,496</u></u>	<u><u>486,634</u></u>

*Note:* Amounts due to ASM International group companies are unsecured, non-interest bearing and repayable according to normal trade terms.

The aged analysis of trade payables at the reporting date is as follows:

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Not yet due	267,135	194,627
Overdue within 30 days	121,950	97,049
Overdue within 31 to 60 days	63,116	37,518
Overdue within 61 to 90 days	2,437	4,406
Overdue over 90 days	<u>852</u>	<u>561</u>
	<u><u>455,490</u></u>	<u><u>334,161</u></u>

## 10. SHARE CAPITAL

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Issued and fully paid:		
Shares of HK\$0.10 each		
At the beginning of the period	38,502	38,333
Shares repurchased and cancelled	(155)	—
Shares issued under the Employee Share Incentive Scheme	<u>—</u>	<u>169</u>
At the end of the period	<u><u>38,347</u></u>	<u><u>38,502</u></u>

During the period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	Number of shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
June 2004	1,548,000	28.90	26.55	42,485

The above shares were cancelled upon repurchase 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 accumulated profits to the capital redemption reserve.

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

## 11. ACQUISITION OF SUBSIDIARY

On 1st January, 2004, the Group acquired 100% of the issued share capital of a subsidiary for cash consideration of HK\$862,000. This transaction has been accounted for using the purchase method of accounting.

The effect of the acquisition is summarised as follows:

	<i>HK\$'000</i>
Net assets acquired	<u>862</u>
Cash consideration	<u>862</u>
Net cash inflow arising on acquisition	
Cash consideration	(862)
Bank balances and cash acquired	<u>2,196</u>
	<u>1,334</u>

The subsidiary acquired did not make any significant contribution to the results of the Group during the period.

## 12. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group paid management fee of HK\$750,000 (HK\$750,000 for the six months ended 30th June, 2003) to ASM International under a consultancy agreement between ASM International and the Company. Pursuant to the consultancy agreement, an annual management fee of HK\$1.5 million is payable to ASM International who acts as a consultant, introduces new business and provides assistance in business development, general management support and services, international expertise and market information to the Group. The consultancy agreement, which commenced on 5th December, 1988, was for an initial period of three years and is terminable thereafter by six months' notice in writing by either party.
- (b) During the period, the Group acquired the entire interest of a subsidiary from ASM International at a consideration of HK\$862,000.
- (c) On 16th March, 2004, the Company entered into a management and production agreement (the "Agreement") with ASM International. The Agreement was commenced from the date of the Agreement for a term of one year and is terminable by three months' notice in writing by either party.

Pursuant to the Agreement, the Group provides management services (including services for administration and financial matters and provision of supporting personnel) to ASM International group companies in respect of the production facility of ASM International established in the Republic of Singapore, at a quarterly fee of HK\$375,000. Management service fee received during the period amounted to HK\$438,000 (HK\$nil for the six months ended 30th June, 2003).

In addition, the Group also agrees to manufacture metal parts for ASM International at a cost-plus basis. The manufacture of metal parts for ASM International during the period amounted to HK\$264,000 (HK\$nil for the six months ended 30th June, 2003). Details of the Agreement are set out in the announcement dated 18th March, 2004 made by the Company.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

- (d) During the six months ended 30th June, 2003, the Group traded with ASM International group of companies in its normal course of business and in the opinion of the Directors of the Company, the transactions were carried out at market price. Sales to ASM International group of companies during that period amounted to HK\$430,000. There was no such transaction for the six months ended 30th June, 2004.

13. CONTINGENT LIABILITIES

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Guarantees given	<u>771</u>	<u>913</u>

14. CAPITAL COMMITMENTS

	As at 30th June, 2004 <i>(Unaudited)</i> HK\$'000	As at 31st December, 2003 <i>(Audited)</i> HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	132,144	35,805
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	<u>21,689</u>	<u>212,995</u>
	<u>153,833</u>	<u>248,800</u>



## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

As at 30th June, 2004, the interests of the directors and chief executive of the Company and their associates in the share capital of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Arthur H. del Prado	207,427,500	(Note 1)	54.09%
Lam See Pong, Patrick (Note 2)	2,970,000	Beneficial owner	0.77%
Fung Shu Kan, Alan	311,000	Beneficial owner	0.08%
Paulus Cornelis van den Hoek (Note 3)	1,370,000	Beneficial owner	0.36%

### Notes:

1. As at 30th June, 2004, Arthur H. del Prado, member of his immediate family and a foundation controlled by him together held 11,454,292 shares of ASM International, representing about 21.91% of its issued share capital. A wholly owned subsidiary of ASM International, Advanced Semiconductor Materials (Netherlands Antilles) N.V. held 207,427,500 shares of the Company as at 30th June, 2004. ASM International also holds the fixed-rate participating shares of ASM Assembly Automation Limited and ASM Assembly Materials Limited, which are wholly owned subsidiaries of the Company. These shares carry no voting rights, no rights to participate in a distribution of profits, and very limited rights on a return of capital.
2. As at 30th June, 2004, Lam See Pong, Patrick beneficially owns 395,300 shares of ASM International.
3. As at 30th June, 2004 Paulus Cornelis van den Hoek beneficially owns 300,000 shares of ASM International.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company or its subsidiaries, as at 30th June, 2004, none of the directors or chief executive of the Company nor their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, the following persons (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Number of shares	Nature of interest	Percentage of shareholding
ASM International	207,427,500	Corporate	54.09%
Advanced Semiconductor Materials (Netherlands Antilles) N.V.	207,427,500	Beneficial owner	54.09%

Save as disclosed herein, as at 30th June, 2004, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the period ended 30th June, 2004, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of 1,548,000 shares of HK\$0.1 each at an aggregate price of HK\$42,485,000 (the highest/lowest price per share paid: HK\$28.90/26.55). The repurchased shares were cancelled upon repurchase and accordingly, the issued share capital of the Company was reduced by HK\$155,000 thereof. The premium payable on repurchase was HK\$42,330,000 charged against the share premium and an amount HK\$155,000 of shares cancelled was transferred from accumulated profits to capital redemption reserve.

Save as disclosed above, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's shares during the period under review.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including the review of the unaudited interim financial statements.

## COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Group was not in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2004.

On behalf of the Board

**Patrick Lam See Pong**

*Director*

Hong Kong, 27th July, 2004

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### Executive Directors:

Arthur H. del Prado, *Chairman*

Lam See Pong, Patrick, *Managing Director*

Fung Shu Kan, Alan

### Independent non-executive Directors:

Orasa Livasiri

Paulus Cornelis van den Hoek

### Registered Office:

Caledonian House, George Town, Grand Cayman, Cayman Islands

### Principal Office:

12th Floor, Watson Centre, 16-22 Kung Yip Street, Kwai Chung, New Territories, Hong Kong