

[For Immediate Release]

**ASM PACIFIC TECHNOLOGY 2005 NET PROFIT EXCEEDS HK\$850 MILLION  
REPORTS 3<sup>RD</sup> BEST YEAR IN FINANCIAL PERFORMANCE**

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**RETAINS WORLD NO. 1 POSITION IN ASSEMBLY & PACKAGING EQUIPMENT INDUSTRY**

**Summary**

- 3rd best year in financial performance, with earnings in excess of HK\$850 million
- Record leadframe turnover, achieving 16.8% revenue growth and US\$50 million sales during the 2nd half year
- Ending order backlog was US\$102 million
- The Board of Directors has resolved to recommend a final and second special dividend of total HK\$1.30 per share

(Hong Kong, February 21, 2006) — The World's 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 December 31, 2005. ASM continued to hold the largest market share and outperformed its industry peers despite the general industry setback.

ASM achieved a turnover amounting to HK\$3,536,855,000 in the fiscal year ended December 31, 2005, representing a decrease of 7.6% as compared with HK\$3,828,930,000 in the previous year. The Group's consolidated profit for the year was HK\$850,485,000, 15.2% lower than the previous year's HK\$1,002,595,000. Both the turnover and consolidated profit are the third highest in ASM's history. Basic earnings per share for the year amounted to HK\$2.21 (2004: HK\$2.61).

Apart from the interim dividend of HK\$0.50 per share and first special dividend of HK\$0.20 per share, the Board of Directors has decided to recommend the payment of a final dividend of HK\$1.00 (2004: HK\$1.05) and second special dividend of HK\$0.30 per share, meaning a total dividend of HK\$2.00 (2004: HK\$2.05) per share will be paid for the year ended December 31, 2005. This translates into a 90.9% dividend payout ratio for the current year's profit.

**Mr. Patrick Lam, Managing Director of ASM** said, "Our financial performances in recent years have clearly shown that our products are satisfying the needs of our growing customer base. With equipment revenue of US\$368.4 million, equivalent to 81.0% of the Group's turnover in 2005, ASM is the top player in the industry, a position we have held since 2002. We maintained a gap of US\$75 million between ourselves and our competitors, representing a 25% delta as compared with our closest rival. However, affected by the general industry setback, our equipment business declined slightly by 11.9% over the last twelve months."

“Last year, we continued to streamline working capital management which produced positive results. Our current ratio and debt-equity ratio were 3.42 and 27.3% respectively. We achieved an inventory turnover of 6.08 times, with an ending inventory of HK\$609.3 million to deal with the much higher revenue. Although capital investments amounted to HK\$194.8 million in 2005, at our sound working capital management, our free cash flow at year end was HK\$619.7 million and our return on invested capital was 55.1%. Our book-to-bill ratio was 1.09 for the year and the ending order backlog as of December 31, 2005 grew to US\$102 million,” Mr. Lam continued.

In 2005, sales attributable to the Group’s five largest customers combined were 28.3% of the total, with no customer exceeding 10%, proving the effectiveness of the Group’s strategy to diversify its markets. The Group also enjoyed a good geographical spread mirroring the investment climate of the industry, with China emerging as its largest (21.9%) market, swapping position with last year’s leader Taiwan (21.0%) for the first time. Shipments of US\$99.7 million to the former was another new record.

The Group’s leadframe business reported a 16.8% growth in revenue to US\$86.5 million in 2005, prompted by improved market demands met by expanded capacities and operational improvements at its China, Singapore and Malaysian plants. The leadframe revenue which accounted for 19.0% of the Group’s turnover is the highest in record. Both its stamped and QFN etched frames made substantial inroads in target markets, growing faster than the leadframe industry at large which increased by 1.7% last year according to SEMI’s November 2005 report. The strategic realignment of the Group’s leadframe operation has clearly borne fruit.

Turning to product development, R&D expenditure amounted to HK\$267.6 million last year, comparable to 9.3% of the Group’s current year’s equipment sales. The launch last year of the ultra high speed I.C. die bonder catering for smaller die sizes was complementary in wafer size and throughput capabilities to the Group’s standard platform. ASM’s Twin Eagle and Eagle 60 AP gold wire bonders optimizing cost-of-ownership and ultra fine pitch technology respectively fully satisfy the requirement of diverse package types and applications on multiple platforms in today’s assembly processes. The Osprey molding system introduced in mid-2005 for high density matrix substrates set a new benchmark for tooling cost and order leadtime, highly desirable for improving asset utilization of backend assembly process. Using high performance linear motors, the Group started volume production of a new model of aluminium wire bonder, solidifying ASM’s two-decade leadership in the chip-on-board application market while offering customers a good solution for finer pitch, multi-die and high throughput requirements.

Looking ahead, most industry analysts (SIA, WSTS, Dataquest, iSuppli, VLSI Research) project a moderate single-digit (6.7 – 8.0%) growth for the semiconductor industry in 2006, to be followed by higher growth at close to 10% in 2007. IC unit volume is forecasted to grow at a compound annual growth rate (CAGR) of 9.31% between 2004 and 2009, according to the 2005 Electronic Trend Publication. For the assembly equipment market, growth this year will depend on whether the strong momentum of the first two quarters can continue into the second half of 2006. While all pundits project positive growth for the industry in 2006, the numbers are divergent at this point ranging between 3.6% and 22.1% (VLSI Research 3.6%, SEMI 9.0%, Dataquest 22.1%).

While all our major competitors have continued to reduce R&D spendings in recent times due to profit squeeze, ASM has increased its R&D expenditures and boosted its talent pool year after year. Albeit short-term sales fluctuation, the Group has maintained the policy of spending 10% of the equipment turnover amount each year on R&D, with the aim of building a company more resilient than its competitors to industry fluctuation. HK\$200 million has been budgeted for capital expenditure in 2006. ASM has also organized R&D teams to address the multi-chip die bonding and chip-on-glass (COG) flip chip market segments - applications that its human resources could not cope with in the past. By simultaneously pursuing product differentiation and low cost, ASM managed to put out world-class products that give value its rivals cannot match.

In addition to its leadership position in the die and wire bonder market segments, the Group also made good progress in recent years on flip chip bonders, encapsulation equipment, integrated test handlers and other chip size/scale (CSP) assembly equipment. Such achievements have laid a solid foundation for the Group's future growth, bracing its aggressive pursuit of new market opportunities. With cost structure realigned and production capacity expanded, its leadframe business is poised to gain market share. ASM's leadframe manufacturing capabilities and long-term commitment to the business have won the recognition of leading customers who indicated their intention to expand business with the Group.

"ASM has built up a wealth of technologies and talents over the years. Our customer-centered business strategy and our track record speaks for itself. Our efficient cost structure as well as wide product offerings position us well to compete globally. Our innovative solution-selling strategy sets us apart from our competitors, allowing us to deepen market penetration and further expand our business. The management believes ASM will continue to outperform the peers and maintain our industry leadership in the foreseeable future," 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

	Year ended 31st December	
	2005 HK\$'000	2004 HK\$'000
Turnover	3,536,855	3,828,930
Cost of sales	(1,926,077)	(2,097,617)
Gross profit	<u>1,610,778</u>	<u>1,731,313</u>
Other income	21,283	9,278
Selling expenses	(316,950)	(291,733)
General and administrative expenses	(143,534)	(123,876)
Research and development expenses, net	(267,638)	(262,585)
Finance costs	(15)	(15)
Profit before taxation	<u>903,924</u>	<u>1,062,382</u>
Income tax expense	(53,439)	(59,787)
Profit for the year	<u>850,485</u>	<u>1,002,595</u>
Dividends	<u>772,865</u>	<u>788,002</u>
Earnings per share		
- Basic	<u>HK\$2.21</u>	<u>HK\$2.61</u>
- Diluted	<u>HK\$2.20</u>	<u>HK\$2.60</u>

ASM PACIFIC TECHNOLOGY LIMITED  
CONSOLIDATED BALANCE SHEET

	At 31st December	
	2005	2004
	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	808,030	772,006
Prepaid lease payments	8,951	9,370
Deferred tax assets	118	1,999
	<u>817,099</u>	<u>783,375</u>
<b>Current assets</b>		
Inventories	609,345	554,830
Trade and other receivables	892,255	642,223
Prepaid lease payments	448	446
Bank balances and cash	728,927	763,359
	<u>2,230,975</u>	<u>1,960,858</u>
<b>Current liabilities</b>		
Trade and other payables	585,020	461,284
Taxation	66,101	103,099
Notes payable to bank	462	-
	<u>651,583</u>	<u>564,383</u>
<b>Net current assets</b>	<u>1,579,392</u>	<u>1,396,475</u>
	<u>2,396,491</u>	<u>2,179,850</u>
<b>Capital and reserves</b>		
Share capital	38,706	38,527
Dividend reserve	503,177	404,532
Other reserves	1,851,651	1,734,406
<b>Equity attributable to equity holders of the parent</b>	<u>2,393,534</u>	<u>2,177,465</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,957	2,385
	<u>2,396,491</u>	<u>2,179,850</u>