

[For Immediate Release]

ASM ACHIEVES RECORD HIGH TURNOVER AND PROFIT OF HK\$625 MILLION FOR THE SIX-MONTH PERIOD ENDING JUNE 30, 2006

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Summary

- ASM achieved record high interim turnover of HK\$2,273 million, representing a 56.0% gain when compared with the corresponding period last year
- Consolidated profit after taxation of HK\$625 million for six months, also record high, is 93.2% more than the corresponding period of 2005
- Ending order backlog as at June 30, 2006 was in excess of US\$153 million
- Holding cash on hand of HK\$874 million
- The Board of Directors has resolved to pay an interim dividend of HK\$0.70 per share and a special dividend of HK\$0.75 per share
- Leadframe product turnover surges for fifth consecutive quarter

(HONG KONG, July 31, 2006) – World 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, 2006, boasting record high interim turnover and profit and also the largest market share which it has championed since 2002.

For the six months ended June 30, 2006, the Group achieved a turnover of HK\$2,273,105,000, representing an increase of 56.0% as compared with HK\$1,457,183,000 for the same period of the previous year and a 9.3% gain against the HK\$2,079,672,000 for the preceding six-month period. The Group’s consolidated profit after taxation was HK\$625,044,000, 93.2% more than the amount in the corresponding period in 2005 and 18.6% more than the preceding six months. Basic earnings per share for the half-year period amounted to HK\$1.61 (2005: HK\$0.84).

The Board of Directors has resolved to pay an interim dividend of HK\$0.70 (2005: HK\$0.50) per share and a special dividend of HK\$0.75 (2004: HK\$0.20) per share.

Mr. Patrick Lam, Managing Director of ASM, said, “We have consistently delivered encouraging results in recent years, and there is no exception for the six months ended June 30, 2006. This latest set of results is outstanding even by ASM’s standards, and is owed primarily to the solid foundation we have laid over the years at our perseverance in diversifying our products and their applications, maintaining an efficient cost structure and introducing advanced new products. We made record shipments in the 2nd quarter and in the past six months, but strong order inflows saw our book to bill ratio for the first six months reaching 1.17, and our ending order backlog as at June 30, 2006 was in excess of US\$153 million.”

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During the review period, the Group continued to be in a healthy financial position. Return on capital employed and on sales were 26.5% and 29.0% respectively. Cash on hand was HK\$874 million as at June 30, 2006. Debt-equity ratio was low at 33.2% with zero long-term debt and bank borrowing.

During the first half of 2006, sales attributable to the five largest customers combined were 23.8% of total sales, with no customer accounting for more than 10%, a clear proof of the continuing success of the Group's diversified market strategy. ASM also enjoyed a good geographical spread mirroring the industry investment trend, with Mainland China sustaining the top (25.8%) position, followed by Taiwan (18.2%) and Malaysia (16.8%).

The Group's financial performances in recent years testify to the growing acceptance of its products by a larger pool of customers. During the first six months of 2006, equipment revenues were US\$232.8 million, equivalent to 79.4% of the Group's turnover and exceeding the height achieved in year 2000. With improved market demands, gain in market share and the expanded production capacity in its China and Malaysian plants, the Group's leadframe business achieved for the fifth consecutive quarter record high billings. The US\$60.3 million revenues, accounting for 20.6 % of the Group's total turnover during the first half of 2006, were 20 % higher than that of the preceding six months. This clearly demonstrated that the strategic realignment of leadframe operations by the Group has been successful.

On the product front, management believes that the Group's die bonder sales have surpassed its global competitors in the past twelve months. Leveraging on ASM's R&D strengths and low-cost manufacturing, the Group's highly flexible Osprey molding system has attracted both new and existing customers, resulting in an excellent reception for this newly-launched product that is unique in the market. Similarly, exhibiting the Blue-Ocean-Strategy concept, the Group's image sensor assembly line is another trailblazer in the market. Being able to offer a total solution for this particle-sensitive application has enabled ASM to enjoy an enviable market position in this application segment.

Looking ahead, most industry analysts currently predict an 8% to 10% growth for the semiconductor market in 2006. Forecasts of SIA, WSTS and iSuppli have the semiconductor market growing at 11% to 12% in 2007. IC unit volume is expected 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 in 2006, various industry analysts predict double-digit growth ranging between 11.7% and 19.0% (SEMI 11.7%, Dataquest 17.5%, VLSI Research 19.0%).

"To sustain ASM's continued leadership and to build resilience in this dynamic industry, we are preparing a new generation of die, flip chip, gold and aluminum wire bonders. We have also stepped up our R&D resources to support the growing multi-chip die bonding and the chip-on-glass flip chip applications, aiming for marketable products in 2007. We firmly believe that offering integrated packaging solutions is the most effective marketing tool; and achieving organic growth through product adjacency – selling other ASM products to the same customers –and introducing Blue-Ocean-Strategy products is the appropriate business strategy to take in the next couple of years," Mr. Lam said.

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With its molding systems and test handler products gaining customer acceptance and posing strong market potential, the Group sees the need to ensure it has sufficient production capacity for die and wire bonders and back end products (automold and post-encapsulation products) for the coming years. Thus, the Group has proceeded to rent an additional 120,000 sq.ft. premises adjacent to its factory in Fu Yong, Shenzhen, China, and transferred the entire parts fabrication and back end product (BEP) module assembly to this location. The move will not only provide room for expanding output of back end products, but will also generate much needed space for the Group to enlarge the scale of its bonder manufacturing at the Shaotaojiao plant in Shenzhen, China.

Focusing on long-term growth, ASM commits a comparable of 10% of its equipment sales on R&D and made substantial capital investment each year, adding up to US\$234.6 million and US\$246.3 million respectively in the past ten years. These investments have helped to position ASM advantageously in the global market.

Having led ASM for 31 profitable years from its inception, Mr. Patrick Lam, Managing Director of ASM, will officially retire on 31st December, 2006. As agreed with the Board of Directors and its major shareholder ASM International, Mr. Lam will stay on as ASM's Honorary Chairman for six months till 30th June, 2007, to ensure a smooth transition of responsibility. An executive office, which will be composed of Lo Tsan Yin, Peter, Vice Chairman of the Board; Lee Wai Kwong, Chief Executive Officer; and Chow Chuen, James, Chief Operating Officer, will be formed to take over Mr. Lam's responsibilities effective on January 1, 2007.

"ASM has built a wealth of technologies and a vast pool of talents over the years. A broad customer base comprising enterprises from various application markets, diverse product offerings and a cost structure hailed as the most efficient in the industry are also advantages that underscore ASM's sustainable growth. I am confident that the new management team consisting of my comrades of the past 25 years with experiences far exceeding their counterparts in the industry will take ASM to an even higher ground." 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.

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

(Note: A release regarding the management succession will be distributed separately)

ASM Pacific Technology Limited

CONSOLIDATED INCOME STATEMENT

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover	2,273,105	1,457,183
Cost of sales	(1,207,854)	(802,860)
Gross profit	1,065,251	654,323
Other income	17,328	13,077
Selling expenses	(182,008)	(138,812)
General and administrative expenses	(86,786)	(64,848)
Research and development expenses	(138,097)	(119,015)
Finance costs	(27)	(3)
Profit before taxation	675,661	344,722
Income tax expense	(50,617)	(21,131)
Profit for the period	625,044	323,591
Dividend paid	503,177	404,532
Earnings per share		
- Basic	HK\$1.61	HK\$0.84
- Diluted	HK\$1.61	HK\$0.84

ASM Pacific Technology Limited

CONSOLIDATED BALANCE SHEET

	At 30th June, 2006 (Unaudited) HK\$'000	At 31st December, 2005 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	799,697	808,030
Prepaid lease payments	8,987	8,951
Deferred tax assets	659	118
	<u>809,343</u>	<u>817,099</u>
Current assets		
Inventories	666,708	609,345
Trade and other receivables	1,047,626	892,255
Prepaid lease payments	461	448
Bank balances and cash	874,434	728,927
	<u>2,589,229</u>	<u>2,230,975</u>
Current liabilities		
Trade and other payables	742,764	585,020
Taxation	99,302	66,101
Notes payable to a bank	1,544	462
	<u>843,610</u>	<u>651,583</u>
Net current assets	<u>1,745,619</u>	<u>1,579,392</u>
	<u>2,554,962</u>	<u>2,396,491</u>
Capital and reserves		
Share capital	38,706	38,706
Dividend reserve	561,236	503,177
Other reserves	1,951,997	1,851,651
Equity attributable to equity holders of the Company	<u>2,551,939</u>	<u>2,393,534</u>
Non-current liabilities		
Deferred tax liabilities	3,023	2,957
	<u>2,554,962</u>	<u>2,396,491</u>