



## ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

### ANNOUNCEMENT OF UNAUDITED RESULTS FOR 2008 THIRD QUARTER AND THE NINE MONTHS ENDED 30 SEPTEMBER 2008

#### *ASMPT Q3 2008 Results*

##### First nine months of 2008

- *Group turnover of US\$570 million for the first nine months of 2008, an increase of 13.2% over same period last year*
- *Earnings per share of HK\$2.41*

##### Q3 2008

- *Group turnover of US\$194 million, a decline of 2.3% over same period last year and sequential decline of 5.8% over the previous quarter*
- *Profit of HK\$267 million and earnings per share of HK\$0.68, a decline of 32% over same period last year and sequential decline of 29% over the preceding quarter*
- *Equipment turnover of US\$152 million, representing a 4.6% decline over Q3 2007 and a 7.3% decline over the preceding three months*
- *Leadframe turnover of US\$42 million, achieving 6.9% revenue growth over Q3 2007 and a 0.1% decline over the preceding three months*
- *New orders booking of US\$161 million, a decline of 22.3% from the preceding three months*
- *With zero bank borrowings and cash on hand of HK\$509 million at the end of September 2008*

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for 2008 third quarter and the nine months ended 30 September 2008:

## RESULTS

ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASM”) reported a turnover of HK\$1,516 million for the three months ended 30<sup>th</sup> September 2008, representing a decline of 2.3% as compared with HK\$1,552 million for the third quarter of 2007 and 5.8% decline when compared with the turnover of HK\$1,609 million for the preceding three months. The Group’s consolidated profit after taxation for the third quarter of 2008 is HK\$267 million which is 32% lower than the corresponding period in 2007 and 29% lower than the previous quarter. Basic earnings per share (EPS) for the third quarter of 2008 amounted to HK\$0.68 (third quarter of 2007: HK\$1.01, second quarter of 2008: HK\$0.97).

## FINANCIAL HIGHLIGHTS

	<i>Notes</i>	Three months ended 30 Sep		Nine months ended 30 Sep	
		2008	2007	2008	2007
		(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Turnover	1	<b>1,515,856</b>	1,551,691	<b>4,443,078</b>	3,925,325
Cost of sales		<b>(931,485)</b>	(864,106)	<b>(2,595,182)</b>	(2,222,415)
Gross profit		<b>584,371</b>	687,585	<b>1,847,896</b>	1,702,910
Other income		<b>2,623</b>	7,459	<b>15,965</b>	24,107
Selling expenses		<b>(124,881)</b>	(123,522)	<b>(363,299)</b>	(315,975)
General and administrative expenses		<b>(55,049)</b>	(50,092)	<b>(149,249)</b>	(135,627)
Research and development expenses		<b>(97,381)</b>	(84,414)	<b>(271,360)</b>	(233,453)
Finance costs		-	-	<b>(1)</b>	(71)
Profit before taxation		<b>309,683</b>	437,016	<b>1,079,952</b>	1,041,891
Income tax expense		<b>(42,440)</b>	(44,189)	<b>(138,117)</b>	(102,664)
Profit for the period		<b>267,243</b>	392,827	<b>941,835</b>	939,227
Earnings per share	2				
- Basic		<b>HK\$0.68</b>	HK\$1.01	<b>HK\$2.41</b>	HK\$2.42
- Diluted		<b>HK\$0.68</b>	HK\$1.01	<b>HK\$2.40</b>	HK\$2.41

### *Notes:*

#### 1. Turnover by business segments

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2008	2007	2008	2007
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Turnover				
Equipment	<b>1,189,008</b>	1,246,003	<b>3,495,048</b>	3,163,024
Leadframe	<b>326,848</b>	305,688	<b>948,030</b>	762,301
	<b>1,515,856</b>	1,551,691	<b>4,443,078</b>	3,925,325

## 2. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	<u>267,243</u>	<u>392,827</u>	<u>941,835</u>	<u>939,227</u>
	<b>Number of shares (in thousand)</b>		<b>Number of shares (in thousand)</b>	
Weighted average number of shares for the purposes of basic earnings per share	390,628	388,839	390,628	388,839
Effect of dilutive potential shares from the Employee Share Incentive Scheme	<u>1,303</u>	<u>1,460</u>	<u>1,049</u>	<u>1,074</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>391,931</u>	<u>390,299</u>	<u>391,677</u>	<u>389,913</u>

## REVIEW

Whereas macroeconomic conditions were rather uncertain during the first half of the year, they have deteriorated more obviously over the last quarter. The recent meltdown in the financial sector has forced many governments to spend billions of dollars to bail out major institutions, in a bid to prevent the financial crisis from spreading to other parts of the economy. The jury is still out as to whether these efforts will be successful.

With the decline in the health of the global economy, a spillover to the semiconductor industry would not be unexpected. Nonetheless, the performance of ASM in the third quarter of 2008 is still robust. It is pertinent to note that our turnover in the second quarter was a new record, and we are pleased to have maintained a high billing level in the third quarter. Compared to the rest of our industry at this time, this is very encouraging and demonstrates again our resilience in the face of difficult market conditions.

For the first nine months this year, Group turnover was US\$570 million, representing an increase of 13.2% over same period last year. Equipment revenue increased by 10.5% to US\$448 million and revenue for our Leadframe business increased by 24.4% to US\$122 million.

During the third quarter of 2008, Equipment revenue decreased by 4.6% to US\$152 million from the same period a year ago and decreased by 7.3% from the preceding quarter. Leadframe revenue achieved an increase of 6.9% over the same quarter last year to US\$42 million and remained at the

high level same as the preceding quarter. Leadframe revenue contributed to 21.6% of the Group's turnover.

Since August, we have perceived increasing cautiousness by our customers in expanding their capacity. The onset of the financial tsunami has negatively impacted our order inflows, which were probably also affected to some extent by China's Beijing Olympics and Paralympics held over two months in August and September 2008. Much of the country's attention was focused on the events, which may have led to a slowdown in economic activities.

Our new order bookings for the third quarter of 2008 amounted to US\$161 million, which is a decrease of 22.3% as compared to the preceding three months. For the first nine months of 2008, new order bookings amounted to US\$543 million, an increase of 2.6% over same period last year.

As of 30 September 2008, the order backlog amounted to US\$123 million, a decrease of 21.5% as compared to the preceding three months. The book-to-bill ratio, representing net bookings over billings, was 0.83 for the third quarter of 2008, which is a decrease from the ratio of 1.0 in the preceding quarter.

Capital addition during the period amounted to HK\$75 million; majority funded by this quarter's depreciation of HK\$54 million.

## **PROSPECTS**

There is a widespread belief that the recent financial meltdown may signal the start of a recession in the global economy. In its aftermath, stock valuations worldwide have been slashed irrespective of industry, and oil prices are at nearly half the records witnessed just a few months ago. Investor confidence has clearly been damaged.

Some economists are predicting an economic downturn lasting several quarters. This general negativity poses the real danger of a crisis in confidence which will lead to falling consumption, especially in consumer spending on electronic devices which drive the growth of the semiconductor industry in the past few years. That may in turn cause our customers to also reduce their capital expenditure accordingly.

We continue to believe in the longer-term prospects of the semiconductor industry, but are mindful of the need to brave the short-term challenges that are upon us. However, tough market conditions often offer new opportunities where the fittest can profit. With our strong financial resources and dedicated staff, we will strive to navigate the challenges and emerge stronger. The long-term visionary outlook of the management team has allowed ASM to look beyond the immediate market conditions in order to leverage on its R&D strengths and to deliver the best value propositions to its customers.

Operationally, we will aggressively control our costs and expenses to maintain our productivity and competitiveness. We will be conservative in our headcount increases, except in strategic areas which are crucial for our future growth. Our third R&D centre in Chengdu, Sichuan province, China has now become operational and will be a strategic growth area for the company. Our capital expenditure this year will likely be reduced due to market conditions, it will be less than previously budgeted. While ASM is not immune to the economic challenges brought about by the global financial crisis, its successful diversification strategy and proven track record make it well-placed to ride out the storm and to strengthen its position as the market leader.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2008.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Peter Lo Tsan Yin (Vice Chairman), Mr. Lee Wai Kwong, Mr. James Chow Chuen and Mr. Eric Tang Koon Hung as Executive Directors, Mr. Arnold J.M. van der Ven as Non-executive Director and Miss Orasa Livasiri, Mr. Robert Lee Shiu Hung and Mr. John Lok Kam Chong as Independent Non-executive Directors.

On behalf of the Board  
Lee Wai Kwong  
Director

Hong Kong, 29 October 2008