



## **ASM PACIFIC TECHNOLOGY LIMITED**

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

### **Announcement of 2002 Unaudited Results**

**Six months Ended 30th June, 2002**

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

### **RESULTS**

For the six months ended 30th June, 2002, the Group achieved a turnover of HK\$826,728,000, representing an improvement of 45.5% as compared with the HK\$568,209,000 of the preceding six months period, although a decrease of 16.7% when compared with HK\$992,018,000 for the same period of the previous year. The Group's consolidated profit after taxation for the six months is HK\$135,410,000, which is also 32.3% less than the corresponding period in 2001. Basic earnings per share for the half year period amounted to HK\$0.35 (2001: HK\$0.53).

### **DIVIDEND**

The Board of Directors has resolved to pay an interim dividend of HK\$0.36 (2001: HK\$0.36) per share. This is in line with our prudent decision, as stated in the 2001 year end financial result announcement, to return current excessive cash holdings to our shareholders while continuing to operate the Group with the optimum shareholders' fund.

The Register of Members will be closed from 20th August, 2002 to 27th August, 2002, both days inclusive. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Secretaries Limited, at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong, not later than 4:00 p.m. on 19th August, 2002. The interim dividend will be paid on or about 28th August, 2002.

# FINANCIAL HIGHLIGHTS

		<b>Six months ended</b>	
		<b>30th June,</b>	
		<b>2002</b>	2001
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	1	<b>826,728</b>	992,018
Cost of sales		<u><b>(487,028)</b></u>	<u>(583,430)</u>
Gross profit		<b>339,700</b>	408,588
Other revenue		<b>3,380</b>	26,167
Selling expenses		<b>(78,215)</b>	(72,758)
General and administration expenses		<b>(39,617)</b>	(53,466)
Research and development expenses, net		<u><b>(81,345)</b></u>	<u>(85,221)</u>
Profit from operations	1	<b>143,903</b>	223,310
Finance costs		<u><b>(113)</b></u>	<u>(34)</u>
Profit before taxation		<b>143,790</b>	223,276
Taxation	3	<u><b>(8,380)</b></u>	<u>(23,115)</u>
Net profit for the period		<u><b>135,410</b></u>	<u>200,161</u>
Dividends		<u><b>137,364</b></u>	<u>136,723</u>
Earnings per share	4		
— Basic		<u><b>HK\$0.35</b></u>	<u>HK\$0.53</u>
— Diluted		<u><b>HK\$0.35</b></u>	<u>HK\$0.53</u>

Notes:

# 1. Segment Information

## Business segments

	<b>Six months ended 30th June,</b>	
	<b>2002</b>	<b>2001</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue		
Equipment	<b>623,651</b>	824,618
Leadframe	<b>203,077</b>	167,400
	<b>826,728</b>	992,018
Result		
Equipment	<b>109,763</b>	206,465
Leadframe	<b>30,760</b>	2,729
	<b>140,523</b>	209,194
Unallocated corporate income	<b>3,380</b>	14,116
Profit from operations	<b>143,903</b>	223,310
Finance costs	<b>(113)</b>	(34)
Profit before taxation	<b>143,790</b>	223,276
Taxation	<b>(8,380)</b>	(23,115)
Net profit for the period	<b>135,410</b>	200,161

## Geographical segments

	<b>Turnover</b>	
	<b>Six months ended 30th June,</b>	
	<b>2002</b>	<b>2001</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Taiwan	<b>186,886</b>	146,811
Mainland China	<b>101,214</b>	154,903
Malaysia	<b>101,043</b>	165,128
Korea	<b>91,482</b>	40,350
Singapore	<b>68,298</b>	93,739
Hong Kong	<b>65,856</b>	75,724
Thailand	<b>48,825</b>	64,263
Philippines	<b>48,412</b>	86,324
United States	<b>42,009</b>	36,362
Japan	<b>26,444</b>	66,856
Europe	<b>22,919</b>	46,941
Others	<b>23,340</b>	14,617
	<b>826,728</b>	992,018

Contribution to profit by geographical segments has not been presented as the contribution to profit from each segments is substantially in line with the overall Group ratio of profit to turnover.

## 2. Depreciation

During the period, depreciation of HK\$77.7 million (2001: HK\$75.3 million) was charged in respect of the Group's property, plant and equipment.

## 3. Taxation

Six months ended 30th June,  
2002 2001  
(Unaudited) (Unaudited)  
HK\$'000 HK\$'000

The charge comprises:

Hong Kong Profits Tax	8,603	21,741
Taxation in other jurisdictions	<u>1,638</u>	<u>2,565</u>
	10,241	24,306
Deferred taxation credit	<u>(1,861)</u>	<u>(1,191)</u>
	<u>8,380</u>	<u>23,115</u>

Hong Kong Profits Tax has been provided at 16% of the estimated assessable profit for the period.

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

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

## 4. Earnings Per Share

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

Six months ended 30th June,  
2002 2001  
(Unaudited) (Unaudited)  
HK\$'000 HK\$'000

Earnings for the purposes of basic and diluted earnings per share	<u>135,410</u>	<u>200,161</u>
	<i>Number of shares (in thousand)</i>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	381,568	379,785
Effect of dilutive potential ordinary shares from Employee Share Incentive Scheme	<u>1,422</u>	<u>1,382</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>382,990</u>	<u>381,167</u>

## REVIEW

With the excessive inventory in the electronics supply chain depleted by the suppression of production schedules during 2001, semiconductor industry output in 2002 again started to reflect true end product demand. Although still below their last peaks, semiconductor orders have picked up in the computer, communication and consumer market segments.

In parallel, the semiconductor assembly equipment industry passed its trough and began its recovery late in the first quarter of this year, with the North American assembly equipment industry book-to-bill ratio consistently above one since February. While customers remain extremely cautious in adding capacity, most equipment purchases for IC packaging are related to technological advancement such as fine pitch wire bonding and new package types like QFN.

Bolstered both by the diversification of our products serving different application and geographical markets and our ability to ramp up production rapidly, ASM achieved a Group turnover of US\$106 million for the past six months, delivering a moderate profit in what must be seen as a difficult business environment. Return on capital employed and on sales were 8.2% and 17.0% respectively for the half year ended 30th June, 2002. Ending order backlog was raised to US\$50 million (from US\$20 million as of 1st January, 2002). Sales attributable to our five largest customers combined amounted to 30% of our total, with no single customer exceeding 10%; evidence of our successful diversified market strategy.

Reflecting the earlier rise of the consumables business which mirrors IC packaging activities, our leadframe revenues went up slightly ahead of our equipment sales, resulting in a turnover split of 25:75 (leadframes: equipment) during the last six months. With continuous gain in market share, our assembly equipment revenue — which ranked 2nd in the world in year 2000 — has run neck and neck with the top competitor during the last few quarters.

As with the 1998 slowdown, the 2001 soft period presented another golden opportunity for ASM to broaden our customer base and cultivate existing customers with our new products. We successfully captured five major IC customers with our Eagle gold wire bonder, including some of the leading IC packaging companies who use our bonders for state-of-the-art 48–50 microns pad pitch bonding. In early May, we successfully launched our enhanced version of Eagle wire bonder — the Eagle 60. Featuring a 15–20% productivity gain and more robust operating window for 35  $\mu\text{m}$  fine pitch bonding, the Eagle 60 is now undergoing customer qualifications and benchmarking to be ready for volume production in the coming quarter.

Exciting new products such as our high speed, innovative IC and discrete die bonders, our precision flip chip bonder, die sorter, matrix test handler and ball placement & reflow line launched in 2001 are now entering their volume production phase. These new products solidify our leadership position in the die and wire bonder markets, as well as widen our customer base by addressing new market segments we did not serve in the past. We were selected by Advanced Packaging magazine as the Winners of the 2002 Advanced Packaging Awards in both the Die Placement & Attach and Encapsulation categories, reflecting our innovations and technological leadership in these areas.

Although having to deal with product transitions and the increased work-in-progress of our new products, we still managed to further reduce our total inventory by 6.2% or HK\$37.6 million in the last six months. Days sales outstanding, although higher than in previous periods, was primarily due to higher sales during the last two months of the current period.

After paying last year's final dividend of HK\$244.2 million in April and funding capital investment of HK\$29.2 million during the first half, net cash on hand as of 30th June, 2002 only decreased slightly (17%) to HK\$395.6 million (HK\$478.5 million as of 31st December, 2001). Our current ratio stands at 4.08, with zero long-term debt and bank borrowing, and debt-equity ratio of only 20.1%. With no short-term funding needs and an on-going positive cash flow from organic growth operation, these figures permit ASM to sustain a high level of dividend and return excessive cash holdings to our shareholders.

## **PROSPECTS**

Although it remains overshadowed by the weak world economy, SIA, Dataquest and other industry analysts currently predict a 3–7% recovery for the semiconductor industry in 2002, followed by strong double-digit growth in the succeeding two years. Integrated circuits (IC) output is expected to rise 10% according to Electronic Trend Publications. This year should also mark the take-off of QFN and other chip scale packages in wireless communication and hand held applications. For the assembly equipment market, VLSI Research currently forecasts a much stronger second half as compared with the first, but a total of 2% negative growth for year 2002.

Due to the capital-intensive nature of our customers' business, a dynamic, liquid capital market is important for their funding needs. As stock markets may still take time to regain investor confidence, this could well translate into a more gradual recovery for the capital equipment market. This would put a lot of strain on those of our competitors with narrow product offerings or weak balance sheets, forcing them to take short-term measures to stop their cash drain at the expense of long-term company development. In contrast, with the solid business foundations built over the years and our financial strengths, ASM can continue our market assaults with the new, high performance die bonders and Eagle 60 gold wire bonder, further enhancing our market position in the industry.

In addition, to widen our product offering in flip chip assembly to suit various processes, we are developing a bonder for gold and copper stud bumps. Concurrently, we are adapting our AD900 flip chip bonder to provide thermosonic bonding capability. Prototypes of these two machines are expected to be ready within 2002 and available for field testing early next year.

Apart from offering world class products to our customers, it is our strategy to provide value-added services in process enhancement, packaging development, factory automation and equipment management. As such, we can truly differentiate ASM from our competitors in providing total solutions to satisfy customers' needs, a tactic that no rival can easily imitate. We will continue to beef up our human resources in product and technology development, packaging development (especially in the flip chip area), sales & service and project management, with the aim of simultaneously achieving both product leadership and operational excellence.

Barring unforeseen circumstances and expecting a continuous, gradual industry recovery during the second half, we anticipate further improved business performance in the next six months.

## **PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Exchange") will be subsequently published on the Exchange's website in due course.

## **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.

On behalf of the Board  
**Patrick Lam See Pong**  
*Director*

Hong Kong, 29th July, 2002

*Please also refer to the published version of this announcement in the (South China Morning Post)*