

## **This Letter is Important and Requires your Immediate Attention**

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If you have sold all your shares in ASM Pacific Technology Limited, you should at once hand this letter and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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### **ASM Pacific Technology Limited**

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

#### **Directors:**

##### *Executive Directors:*

Arthur H. del Prado  
Lam See Pong, Patrick  
Fung Shu Kan, Alan

##### *Independent Non-Executive Directors:*

Paulus Cornelis van den Hoek  
Orasa Livasiri

#### **Registered Office:**

Caledonian House, George Town,  
Grand Cayman, Cayman Islands

#### **Principal Office:**

12/F., Watson Centre,  
16-22 Kung Yip Street, Kwai Chung,  
New Territories  
Hong Kong

24th March, 2003

#### **To the shareholders**

Dear Sir or Madam,

## **General Mandate to Repurchase Shares and Issue New Shares**

### **Introduction**

It is proposed that at the annual general meeting of ASM Pacific Technology Limited (the "Company") for the year 2003, a resolution will be proposed to grant to the directors of the Company a general mandate to repurchase shares of the Company since the previous general mandate granted to the directors at the annual general meeting of the Company held on 22nd April, 2002 will expire at the forthcoming Annual General Meeting. This letter contains the explanatory statement required to be given to the shareholders in compliance with the Rules Governing the Listing of Securities ("Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and to give all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares.

## **General Mandate to Issue Shares**

At the 2003 Annual General Meeting of the Company, a resolution will be proposed that the directors be given a general and unconditional mandate to issue further Shares representing up to 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date the resolution is passed. In addition, if the resolution to authorise a repurchase of shares is passed, a resolution will be proposed to authorise the directors to issue shares up to an amount equal to the aggregate nominal amount of the shares repurchased under the authority to repurchase. In accordance with the Listing Rules, the Company may not make a new issue of shares or announce a proposed new issue of shares for a period of 30 days after any repurchase of shares without the prior approval of the Stock Exchange.

## **General Mandate to Repurchase Shares**

At the Annual General Meeting to be held on 25th April, 2003, an ordinary resolution will be proposed that the directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company, subject to the criteria set out in this letter. Under such mandate, the maximum number of shares that the Company may repurchase shall not exceed such number as represents 10 per cent of the share capital of the Company in issue on the date of the passing of the resolution. The Company's authority is restricted to repurchases made on the Stock Exchange and otherwise in accordance with the Listing Rules. On 18th March, 2003, being the latest practicable date prior to printing of this letter (the "Latest Practicable Date"), there were in issue an aggregate of 383,331,500 shares of HK\$0.10 each in the Company ("Shares"). Exercise in full of the mandate, on the basis that no further Shares are issued or repurchased prior to the date of the annual general meeting, would result in up to 38,333,150 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the Company's articles of association or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

## **Reason for Repurchase Shares**

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earning per Share. The directors would only make such repurchases in circumstances whereby they consider them to be in the best interests of the Company.

As compared with the financial position of the Company at 31st December, 2002 (being the date to which the latest audited financial statements of the Company have been made up), the directors consider that there would be an adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its memorandum and articles of association to repurchase its Shares. In repurchasing Shares the Company may only apply funds legally available for such purpose in accordance with its articles of association and laws of the Cayman Islands. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase of Shares may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium or contributed surplus accounts of the Company.

### **Directors, Their Associates and Connected Persons**

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the associates of any of the directors has any present intention, in the event that the grant to the directors of a repurchase mandate is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares. In accordance with the Listing Rules, the Company shall not knowingly purchase shares from a connected person on the Stock Exchange.

### **Undertaking of the Directors**

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules of the Stock Exchange and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

### **Effect of Takeovers Code**

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "Code").

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Advanced Semiconductor Materials (Netherlands Antilles) N.V. who held Shares representing approximately 54.11 per cent of the issued share capital of the Company, is a substantial shareholder holding more than 10 per cent of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholdings of Advanced Semiconductor Materials (Netherlands Antilles) N.V. in the Company would be increased to approximately 60.12 per cent of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code. In the event that the directors exercise in full the power to repurchase Shares, the number of Shares held by the public would not fall below 25 percent of the Company's issued share capital.

## General

During each of the six months preceding the date of this letter, no Shares have been repurchased by the Company.

During each month from 1st March, 2002 to 18th March, 2003, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	PER SHARE	
	Highest HK\$	Lowest HK\$
<b>2002</b>		
March	19.05	15.80
April	22.50	18.40
May	22.20	18.20
June	19.55	15.45
July	18.80	12.80
August	16.10	13.70
September	14.15	12.90
October	15.70	12.50
November	17.85	14.85
December	18.30	14.95
<b>2003</b>		
January	18.10	15.10
February	17.90	15.30
March (up to 18th March, 2003)	20.15	17.80

## Recommendation

The directors (including the independent non-executive directors) consider that the granting of the mandate to repurchase Shares and issue new shares of the Company is in the interest of the Company and so recommend you to vote in favour of the resolutions at the forthcoming annual general meeting.

Yours faithfully,

**Patrick Lam See Pong**

Director