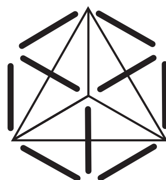

ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Announcement of 2003 Unaudited Results
Six months Ended 30th June, 2003

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

RESULTS

For the six months ended 30th June, 2003, the Group achieved a turnover of HK$1,076,926,000, representing an increase of 30.3% as compared with HK$826,728,000 for the same period of the previous year and 5.7% improvement over the HK$1,019,288,000 of the preceding six-month period. The Group's consolidated profit after taxation for the six months is HK$190,595,000, which is also 40.8% higher than the corresponding period in 2002. Basic earnings per share for the half year period amounted to HK$0.50 (2002: HK$0.35).

DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK$0.36 (2002: HK$0.36) per share. This is in line with our prudent policy decision, as stated in the 2002 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 18th August to 25th August, 2003 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 G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 15th August, 2003. The interim dividend will be paid on or about 26th August, 2003.

FINANCIAL HIGHLIGHTS

	Notes	Six months ended 30th June, **2003** **(Unaudited)** ***HK$'000***	2002 (Unaudited) *HK$'000*
Turnover	1	**1,076,926**	826,728
Cost of sales		**(624,781)**	(487,028)
Gross profit		**452,145**	339,700
Other operating income		**3,770**	3,380
Selling expenses		**(100,268)**	(78,215)
General and administrative expenses		**(45,744)**	(39,617)
Research and development expenses, net		**(102,056)**	(81,345)
Profit from operations		**207,847**	143,903
Finance costs		**(46)**	(113)
Profit before taxation		**207,801**	143,790
Taxation	3	**(17,206)**	(8,380)
Net profit for the period		**190,595**	135,410
Dividends		**137,999**	137,364
Earnings per share	4		
— Basic		**HK$0.50**	HK$0.35
— Diluted		**HK$0.50**	HK$0.35

Notes:

1. Segment Information

Business segments

	Six months ended 30th June,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Equipment	**869,800**	623,651
Leadframe	**207,126**	203,077
	1,076,926	826,728
Result		
Equipment	**190,834**	109,763
Leadframe	**14,715**	30,760
	205,549	140,523
Unallocated corporate income	**2,298**	3,380
Profit from operations	**207,847**	143,903
Finance costs	**(46)**	(113)
Profit before taxation	**207,801**	143,790
Taxation	**(17,206)**	(8,380)
Net profit for the period	**190,595**	135,410

Geographical segments

	Turnover	
	Six months ended 30th June,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Mainland China	**202,642**	101,214
Taiwan	**185,382**	186,886
Korea	**169,027**	91,482
Malaysia	**122,499**	101,043
Philippines	**83,823**	48,412
Singapore	**82,964**	68,298
Thailand	**81,316**	48,825
Hong Kong	**53,804**	65,856
Indonesia	**30,296**	22,077
Europe	**25,549**	22,919
United States	**19,747**	42,009
Japan	**18,356**	26,444
Others	**1,521**	1,263
	1,076,926	826,728

2. Depreciation

During the period, depreciation of HK$75.9 million (HK$77.7 million for the six months ended 30th June, 2002) was charged in respect of the Group's property, plant and equipment.

3. Taxation

	Six months ended 30th June,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**16,934**	8,603
Taxation in other jurisdictions	**1,109**	1,638
	18,043	10,241
Deferred taxation credit	**(837)**	(1,861)
	17,206	8,380

Hong Kong Profits Tax has been provided at 17.5% (16% for the six months ended 30th June, 2002) 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,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**190,595**	135,410
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	**383,332**	381,568
Effect of dilutive potential ordinary shares from Employee Share Incentive Scheme	**1,322**	1,422
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**384,654**	382,990

REVIEW

Overshadowed by the world's weak economy and Iraq war uncertainty, lower prices for electronic goods have unfortunately not stimulated as much IC demand or capital investment as hoped. Although an increasing number of semiconductor companies and subcons reported unit-volume outputs surpassing their previous peaks, customers were extremely cautious in adding production capacity and waited until demands had been firmed up. Most equipment purchases for IC packaging were related to technological advancements such as fine pitch wire bonding, 300 mm wafer die bonding, stacked die packaging, flip chip and new package types like QFN. Although

book-to-bill ratio exceeded parity for a number of months, visibility remained limited and order lead time compressed. For the most part, competition was keen and the market environment was still challenging.

With steady and consistent gains in market share, especially in the die and wire bonder market segments, ASM achieved a Group turnover of US$138.1 million for the past six months, delivering a moderate profit in a slowly improving business environment. Return on capital employed and on sales were 12.2% and 19.1% respectively for the half year ended 30th June, 2003. Ending order backlog was raised to US$45 million (from US$35 million as of 1st January, 2003). Sales attributable to our five largest customers combined amounted to 41.9% of our total, with two customers exceeding 10%.

During the first six months of this year, turnover in both our equipment and leadframes businesses rebounded above each of their last four six-month periods, maintaining a revenue split of 80.8: 19.2 (equipment : leadframes) consistent with the past. Reflecting our industry pre-eminence and continuing gain in market share, our assembly equipment sales during the first half of 2003 have remained ahead of all leading competitors since we surpassed them in 2002. Indicative of industry's recognition on ASM's technological leadership and innovative equipment products, we were once again selected by Advanced Packaging magazine as the Winners of the 2003 Advanced Packaging Awards, in the following three categories: Wire Bonding, Encapsulation and Package Handling.

With various IDMs and subcons putting more investments in China and the emergence of successful local companies, the China market has grown to become ASM's largest sales territory in the first six months of 2003, representing 18.8% of the Group's turnover and the highest contribution percentage in our history. It is likely that ASM will achieve another record sales turnover from this market territory during fiscal year 2003. In parallel, our new, integrated leadframes factory in Fu Yong, China has proceeded as planned and started operation during the 2nd quarter. We expect to phase out our remaining plating activity in Hong Kong by end of this year, thereby shortening our manufacturing cycle time, reducing our work-in-progress and trimming our personnel and rental expenses.

With a 35 μm fine pitch bonding capability that is one generation ahead of our leading competitors, ASM's Eagle 60 gold wire bonder out-performed its competition in several customers' benchmarking exercises, enabling ASM to capture new major IC accounts. During the past six months, we have obtained volume production orders for our Eagle 60 wire bonders from a leading subcon based in Singapore and initial orders from an American top ten semiconductor company for their state-of-the-art BGA and TQFP packages. With the advent of 300 mm wafer and stacked die packaging, our high speed, innovative IC die bonder has been making steady inroads in enlarging its market share and installed base. As evidenced by the initial orders received, exciting new products such as our flip chip bonder and soft solder die attach have helped open up opportunities in new market segments we did not serve in the past, thereby strengthening ASM's leadership in the chip attachment process.

Although having to deal with our expanding product offerings and the increased work-in-progress of our new and existing products to meet prompt delivery demands, we still managed to keep our total inventory of HK$563 million within limits — just 11.3% higher than 6 months' ago but lower than the closing figures of several preceding six-month periods. Days sales outstanding or accounts receivable, although higher than in previous periods, was primarily due to significantly higher sales turnover during the recent quarter.

After paying last year's final dividend of HK$245.3 million in April and funding capital investment of HK$56.4 million during the first half, net cash on hand as of 30th June, 2003 only decreased 37.6% to HK$290.6 million (HK$465.6 million as of 31st December, 2002). Our current ratio stands at 3.2, with zero long-term debt and bank borrowing, and a debt-equity ratio of only 28.1%. With no short-term needs and an on-going positive cashflow from organic growth operation, these figures permit ASM to sustain a high level of dividend and return excessive cash holdings to our shareholders.

PROSPECTS

With the uncertainties of the Iraq war and SARS in Greater China having now subsided, tax cuts and the US federal economic revival policies being implemented and low interest rates looking to continue, according to the mid-year economic survey by Business Week most U.S. economists expected higher GDP growth (3.4–3.8% p.a.) in the next few quarters starting mid-2003. Various industry analysts such as Dataquest, VLSI Research, SIA, IC Insights and WSTS currently predict a 8 - 13% growth for the semiconductor industry in 2003, followed by strong double-digit (17–36% in 2004) increase in the succeeding two years. IC unit volume is expected to rise 14.9% according to IC Insights. Chip scale packages like QFN have been designed into the latest generation of wireless communication and hand held products, and are thus expected to have accelerated growth.

For the assembly equipment market, although there are divergent views between Dataquest (26% growth) and VLSI Research (9% growth) in terms of year 2003's projected growth rate, both forecasting firms predict a stronger second half as compared with the first and also a much stronger double-digit growth (24–36%) in 2004. In the recent months, the stock market has turned more positive towards high tech companies. Hopefully money will become more accessible to fund the capital expenditure of our customers, resulting in an improvement in the assembly equipment market.

While most of our competitors with high gearing or weak balance sheets are curbing their losses or minimizing their cash drains with short-term measures, ASM, in contrast, is aggressively investing for the future in facilities, process and product developments. As part of our HK$160 million capital investment planned for 2003, an etching line will be installed in the coming 4th quarter to boost our production capacity for the expanding QFN etched frames. To reinforce our strategic partnerships with key customers, we support them with different packaging solutions using ASM equipment and leadframes, such as stacked die, image sensor assembly, high brightness LED, power devices bonded with copper wires, QFN packaging, etc. Combining our process knowledge in die bonding, flip chip, wire bonding, encapsulation and leadframes design, ASM's solution selling approach markedly differentiates us from all our competitors and unlocks the doors of customers not accessible by a standalone product field evaluation.

Advanced wafer fabrication presents low k dielectric, finer line width and copper interconnect challenges. To meet these requirements, ASM has conducted extensive wire bonding process development using gold and copper wires, both in-house and jointly with customers and research institutes. We are introducing a higher productivity gold wire bonder this year to further enhance our leadership. Similarly, a fine pitch aluminum wire bonder, based on linear motor technology to be launched in mid-2003, will solidify ASM's dominant position in the chip-on-board market.

With the business foundation laid over the years by our diversified products serving different application markets, process and enabling technologies resulting in a stream of innovative new products, and vertical integration in product design and manufacturing achieving the most

competitive cost structure, ASM is well-positioned to benefit from the current dynamic market environment. It is management's belief that ASM will continue to out-perform our industry peers in both revenue growth and profitability in 2003.

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, 28th July, 2003

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