ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF 2002 AUDITED RESULTS
YEAR ENDED 31ST DECEMBER, 2002

ASM's Outstanding Performance in Year 2002

- Has become World's No. 1 in assembly and packaging equipment industry
- 18.3% turnover growth while all leading competitors suffered revenue decline
- 23.1% increased earning when all major competitors were in the red

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

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") achieved turnover amounting to HK$1,846,016,000 in the fiscal year ended 31st December, 2002, representing an increase of 18.3% as compared with HK$1,560,227,000 for the previous year. The Group's consolidated net profit after tax for the year is HK$284,704,000 after deducting a one-time restructuring cost of HK$20,000,000 due to relocation of the Hong Kong leadframe plating operation to China; this is 23.1% higher than the previous year's net profit of HK$231,246,000. Basic earnings per share for the year amounted to HK$0.75 (2001: HK$0.61).

DIVIDEND

An interim dividend of HK$0.36 (2001: HK$0.36) per share was paid in August 2002. Having established a solid foundation in the microelectronics market over the years, ASM intends to further its organic growth path in the near term through enlarging its market share with diversified, high performance products. There is no short term need for major cash outlay and the Group has also managed to generate positive cash flow in each of the past few years. In view of our strong liquidity and rising equity base, the Board of Directors have decided to recommend a final dividend of HK$0.64 (2001: HK$0.64) per share payable on or around 28th April, 2003, making a total payment of HK$1.00 (2001: HK$1.00) per share for the year ended 31st December, 2002. This translates into a 75.2% dividend payout ratio for the combined 2000–2002 periods, and represents a prudent decision to return current excessive cash holdings to our shareholders while continuing to operate the Group with the optimum shareholders' funds.

FINANCIAL HIGHLIGHTS

	Year ended 31st December, 2002	2001
	HK$'000	*HK$'000*
Turnover	**1,846,016**	1,560,227
Cost of sales	**(1,072,294)**	(930,038)
Gross profit	**773,722**	630,189
Other income	**7,403**	28,156
Selling expenses	**(175,065)**	(138,720)
General and administrative expenses	**(96,731)**	(103,944)
Research and development expenses, net	**(186,980)**	(166,400)
Factory relocation costs	**(20,000)**	—
Profit from operations	**302,349**	249,281
Finance costs	**(168)**	(155)
Profit before taxation	**302,181**	249,126
Taxation	**(17,477)**	(17,880)
Net profit for the year	**284,704**	231,246
Dividends	**382,696**	380,926
Earnings per share		
— Basic	**HK$0.75**	HK$0.61
— Diluted	**HK$0.74**	HK$0.61

NOTES:

1. SEGMENT INFORMATION

Segment turnover and results

By business segments

	Year ended 31st December, **2002** *HK$'000*	2001 *HK$'000*
Revenue		
Equipment	**1,459,107**	1,241,926
Leadframe	**386,909**	318,301
	1,846,016	1,560,227
Result		
Equipment	**278,018**	224,082
Leadframe *(Note)*	**17,811**	2,987
	295,829	227,069
Unallocated corporate income	**6,520**	22,212
Profit from operations	**302,349**	249,281
Finance costs	**(168)**	(155)
Profit before taxation	**302,181**	249,126
Taxation	**(17,477)**	(17,880)
Net profit for the year	**284,704**	231,246

Note: The amount for the year ended 31st December, 2002 arrived at after deduction of factory relocation costs of HK$20,000,000 (see note 4).

By geographical segments

	Turnover Year ended 31st December,		**Profit from operations Year ended 31st December,**	
	2002 *HK$'000*	2001 *HK$'000*	**2002** *HK$'000*	2001 *HK$'000*
a. Location of operation				
People's Republic of China ("PRC")	**1,170,263**	1,036,803	**222,803**	186,859
Singapore and Malaysia	**675,753**	523,424	**73,026**	40,210
	1,846,016	1,560,227	**295,829**	227,069
Unallocated corporate income			**6,520**	22,212
Profit from operations			**302,349**	249,281

	Turnover Year ended 31st December, **2002** *HK$'000*	2001 *HK$'000*
b. Location of market		
Taiwan	**433,557**	260,120
Mainland China	**274,826**	206,116
Malaysia	**228,090**	232,727
Korea	**168,100**	79,395
Singapore	**138,085**	157,529
Hong Kong	**134,316**	117,745
United States of America	**115,476**	58,018
Thailand	**108,530**	106,455
Philippines	**98,951**	140,076
Japan	**68,799**	96,934
Europe	**42,167**	79,592
Others	**35,119**	25,520
	1,846,016	1,560,227

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

2. DEPRECIATION

During the year, depreciation of HK$156.4 million (2001: HK$151.8 million) was charged in respect of the Group's property, plant and equipment.

3. TAXATION

	Year ended 31st December, **2002** *HK$'000*	2001 *HK$'000*
The charge comprises:		
Hong Kong:		
Profits Tax calculated at 16% of the estimated assessable profit for the year	**23,734**	15,220
Overprovision in prior years	**(1,548)**	(380)
	22,186	14,840
Taxation in other jurisdictions	**1,961**	4,251
	24,147	19,091
Deferred taxation credit	**(6,670)**	(1,211)
	17,477	17,880

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions, including other parts of the PRC excluding Hong Kong and overseas.

The Group's profit arising from the manufacture of semiconductor equipment and materials in Singapore is non-taxable under a tax incentive covering certain new products under the Manufacturing Headquarters status granted by the Singapore tax authority. The tax exemption applies to profits arising for a period of 10 years from 1st January, 2001, subject to the fulfillment of certain criteria during the period.

Deferred taxation is provided on timing differences that, in the opinion of the Directors, are expected to crystallise in the foreseeable future, after taking into consideration the medium term financial plans and projections.

The amount of deferred taxation (credit) charge for the year is as follows:

	Year ended 31st December,	
	2002	2001
	HK$'000	*HK$'000*
Tax effect of timing differences attributable to:		
Difference between depreciation allowances for tax purposes and depreciation charged in the financial statements	**(3,914)**	(2,040)
Taxation losses	**(2,971)**	(1,164)
Other timing differences	**215**	1,993
	(6,670)	(1,211)

4. FACTORY RELOCATION COSTS

	Year ended 31st December,	
	2002	2001
	HK$'000	*HK$'000*
The amounts comprise:		
Provision for termination of employees	**15,000**	—
Impairment loss on property, plant and equipment	**4,488**	—
Factory relocation and closure costs	**512**	—
	20,000	—

The amounts represent costs for relocation of a Group's factory in Hong Kong to Mainland China.

5. EARNINGS PER SHARE

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

	Year ended 31st December,	
	2002	2001
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**284,704**	231,246
	Number of shares (in thousand)	
Weighted average number of shares for the purpose of basic earnings per share	**381,650**	379,868
Effect of dilutive potential shares from Employee Share Incentive Scheme	**1,528**	1,509
Weighted average number of shares for the purpose of diluted earnings per share	**383,178**	381,377

REVIEW

In a year when all our leading assembly and packaging equipment competitors were in the red and experienced revenue decline, ASM once again outperformed its industry peers, dethroning the industry leader since inception to become the world's number one in the assembly and packaging equipment industry and achieving an 18.3% higher turnover of US$236.7 million (2001: US$200 million). Return on capital employed and on sales were 17.1% and 16.0% respectively, in line with previous years in spite of tough market conditions.

This result was largely due to the solid foundation laid over considerable time by the diversification of our products and application markets, an efficient cost structure and successful introductions of new products enlarging our market share. In 2002, sales attributable to our five largest customers combined were less than 25% of the total, with no single customer exceeding 10%: clear evidence of the success of our diversified market strategy.

After depletion of excessive inventory in the electronics supply chain during 2001, semiconductor industry output in 2002 started to reflect true end product demand. Overshadowed by the world's weak economy, war uncertainty and poor stock markets across the globe, lower-priced electronic goods have unfortunately not stimulated as much demand or investment as hoped. Although certain semiconductor companies reported their unit volumes recovering to those of their past peak and an industry analyst — InStat — predicted an 18% unit growth for the industry, most semiconductor industry observers (Dataquest, IC Insights, iSuppli, WSTS, SIA, VLSI Research) concluded that due to pressure on average selling prices there was only 1–2% revenue growth during 2002.

Paralleling this slow upturn, the semiconductor assembly equipment industry came out of its trough and began its recovery late in the first quarter of 2002. Unfortunately, the strong equipment order momentum shown in the second quarter did not continue for the rest of the year, and order inflows weakened sequentially in the following quarters. Customers were extremely cautious in adding capacity, and waited until demands had been firmed up. Most equipment purchases for IC packaging were related to technological advancement such as fine pitch wire bonding and new package types like QFN.

After a 70% drop in 2001, all our leading equipment competitors experienced further revenue decline in 2002. In fact, various analysts (Dataquest, VLSI and SEMI) estimated the fall of the assembly and packaging equipment market was in the range of 9–30%. Many people described this slowdown as the steepest and longest in the history of the semiconductor equipment industry.

As with the 1998 and 2001 soft periods, this slowdown created valuable opportunities for ASM to launch market assaults with our new, high performance products and gain market share. Our equipment business, which represented 79% of the Group's turnover in 2002, grew 17.5% last year. We outstripped the competitor who had led the industry since its beginning, becoming the world's number one in the assembly and packaging equipment industry in 2002. In a similar standout result, our leadframe sales rose by 21.6% over the same period, much higher than the market growth of 10.1% according to SEMI. The resilience of our business performance in the face of such major industry fluctuations clearly distinguishes ASM from our competitors, paving our way for further corporate developments in the coming years.

Whilst most of our competitors have been cutting headcount and projects to minimize their haemorrhaging cash flow, ASM in contrast has accelerated our technology and product developments. Last year we actually increased our R&D expenses to HK$186.98 million (2001: HK$166.40 million), representing 12.8% (2001: 13.4%) of our equipment sales. Launched in mid 2002, our Eagle 60 wire bonder, capable of 35 μm fine pitch bonding, further strengthened ASM's leadership position and protected our market turf. In the past few months, the Eagle 60 has run through a number of benchmarking and customer qualifications with existing and new customers, for both integrated device manufacturers (IDMs) and packaging companies (subcons), all with favourable results. While some of these field evaluations are still continuing, volume production has successfully migrated to this new model during the fourth quarter of last year.

Other 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 tape & reel finishing system likewise all crossed over to their volume production phase. These new products solidified our premier position in the die and wire bonder markets, as well as widening our customer base by addressing new market segments we did not serve in the past.

In recent years, we have leveraged our in-house leadframe capabilities to offer packaging solutions to customers and successfully unlocked many doors for our equipment business. To enhance our competitiveness, we have decided to consolidate all stamped frames production in a 260,000 sq.ft. facility in Fu Yong, a town 5 minutes from the Shenzhen airport and 30 minutes from the Hong Kong border by expressway. When ready in mid 2003, this integrated factory will shorten our manufacturing cycle time, reduce our work-in-progress and improve our operating efficiency, as well as lowering personnel and rental expenses and providing room for expansion in the future. Its proximity to Hong Kong enables us to retain our experienced management and technical teams to ensure a seamless transfer and build on the foundation established in the past, yet also to be closer to our China customers and compete on a local basis. Project costs of HK$60 million for the facility, new plating lines and additional production machineries have been included in our 2002–2003 capital investment plans. An additional HK$20 million for the staff severance pay and asset write-offs have also been charged against the year 2002 results.

Although we have had to deal with various product transitions, increased work-in-progress due to our wider spectrum of new products and the short order lead time demanded by today's customers, the enterprise resource planning (ERP) software widely implemented within ASM worldwide in the recent years has proved to be a valuable tool in streamlining our logistics and inventory management. In 2002, we managed to reduce our total inventory by HK$101.4 million or 16.7%

compared with twelve months ago. Combining the effect of such inventory reduction with earnings from operations, we generated a free cash flow of HK$358.8 million during the year and a return on invested capital of 19.6%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's shareholders' funds decreased slightly to HK$1,756,072,000 as at 31st December, 2002 (2001: HK$1,829,047,000). As there were no long term borrowings, gearing of the Group was zero, the same as for the past three years.

Although HK$381.6 million was paid as dividends and HK$100.8 million was spent in capital investments during the twelve-month period, due to reduction of inventory and strong positive cash flow, cash on hand as of 31st December, 2002 was slightly reduced to HK$465,569,000 (2001: HK$478,487,000). In fact, all capital investments were funded by the current year's depreciation of HK$156.4 million.

With no bank borrowing except for a JPY53 million loan, raised to hedge against our yen-based assets' exposure to currency fluctuation, ASM achieved an all bank debt to equity ratio of only 0.2% in 2002. Current ratio was 3.96. Receivables were tightly monitored during the year, resulting in 80.8 days sales outstanding.

The Group has minimal currency exposure as the majority of all sales were denominated in US dollars. On the other hand, its disbursements were mainly in US dollars, Hong Kong dollars, Singapore dollars and Renminbi. The limited yen-based receivables were covered by some accounts payables in yen to Japanese vendors and the hedging loan as stated above.

HUMAN RESOURCES

The Group adopts a competitive remuneration package for its employees. Aside from salary payments, other benefits include contributions to provident fund schemes and medical subsidies. In addition, based on the Group's financial results and individual performance, discretionary bonus and bonus shares may be granted to eligible staff. In general, salary review is conducted annually. The Group is committed to continue its rigorous staff development and training programs.

As at 31st December, 2002, the total headcount of the Group worldwide was approximately 5,300 people.

PROSPECTS

The world economy may have slowed down but electronic goods continue to proliferate in our daily lives, and this trend, especially with regard to mobile communication and other wireless devices, seems set to continue. Industry analysts (Dataquest, iSuppli, IC Insights, SIA, VLSI Research, SEMI) currently predict a 12–23% growth for the semiconductor industry in 2003, followed by strong double-digit growth in 2004. Integrated circuits (IC) output is expected to rise more than 10% according to InStat, while SEMI figures show packaging material like leadframes increasing by 8.2%. Chip scale packages like QFN have been designed into the latest generation of wireless communication and hand held products, and are therefore expected to have accelerated growth.

After two years of famine for the assembly and packaging equipment industry, analysts currently project a 15–28% recovery in 2003, compared with 9–30% negative growth in 2002. Due to the capital-intensive nature of our customers' business, a dynamic, liquid capital market is important for their funding needs. There is currently little sign of investor confidence returning to the stock markets, and this is probably going to translate into a more gradual recovery for the capital equipment market. Most people expect to see modest sequential order rate improvement on a quarterly basis for the rest of this year. ASM began the year with an order backlog of US$35 million.

In one respect current stock market conditions and lack of capital liquidity are actually working in ASM's favour, placing great stress on those of our competitors with narrow product offerings, high gearing 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 our extensive human resources and debt-free financial strength, ASM is aggressively investing in facilities and product innovation, building strategic partnerships with customers through packaging development support to enhance our future competitiveness. Capital investment planned for 2003 is HK$160 million.

To meet the low k dielectric, finer line width and copper interconnect challenges presented by advanced wafer fabrication, ASM has conducted extensive wire bonding process development with gold and copper wires, both in-house and jointly with customers and research institutes. A higher productivity gold wire bonder will be introduced this year to further enhance our leadership. Similarly, a fine pitch aluminium 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.

As foreshadowed in our 2002 Interim Report, we have developed a bonder for gold and copper stud bumps to widen our product offering in flip chip assembly covering various processes. Concurrently, we have adapted our AD900 flip chip bonder to provide thermosonic bonding capability. Both machines are now ready for field testing during the first half of this year. In addition, for power device chip attachment with soft solder process, a market segment in which ASM has so far not participated, we are now ready to offer a cost-effective soft solder die bonder to meet customers' needs. And to address the increasing volume demands for QFN etched leadframes, we have been installing reel-to-reel etching and plating equipment to satisfy both output and cost objectives.

During the past few years, many IDMs and subcons have established or announced their plans to set up new factories in China. Helped by the emergence of successful local companies, the China market has grown to become ASM's second largest sales territory in 2002, representing approximately 15% of the Group's turnover and the highest revenue and contribution percentage in history. With our proximity to the market, established sales network, experienced field service staff and pre-eminent position among assembly and packaging equipment manufacturers, ASM is well-positioned to benefit from the fast growing Chinese semiconductor industry.

PURCHASE, SALE OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the year.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) 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.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be convened on 25th April, 2003. An annual report of the Company containing a notice of the meeting will be dispatched to the shareholders.

On behalf of the Board
Patrick Lam See Pong
Director

Hong Kong, 18th February, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of ASM Pacific Technology Limited (the "Company") will be held at Conrad Hong Kong, Bowen Room, Level 7, Pacific Place, 88 Queensway, Hong Kong on 25th April, 2003 at 3:30 pm for the following purposes:

1. To receive, consider and adopt the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2002.
2. To declare a final dividend of HK$0.64 per share for the year ended 31st December, 2002.
3. To elect director and authorise the board of directors to fix the directors' remuneration.
4. To re-appoint the auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

A. "**That**:

(a) subject to paragraph (c) of this resolution and without prejudice to resolution 5C set out in the Notice of this meeting, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) of this resolution) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options and issue other securities convertible into shares which might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options and issue other securities convertible into shares which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a Rights Issue shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of the Cayman Islands to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

B. "**That**:

(a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with applicable laws, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

C. “**That** conditional upon resolutions 5A and 5B set out in the Notice of this Meeting of which this resolution forms part being passed, the aggregate nominal amount of share capital of the Company repurchased by the Company under the authority granted to the directors as mentioned in the aforementioned resolution 5B shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution 5A set out in the Notice of Meeting of which this resolution forms part.”

By order of the Board
Patrick Lam See Pong
Director

Hong Kong, 18th February, 2003

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be deposited at the Company’s principal office in Hong Kong at 12/F., Watson Centre, 16–22 Kung Yip Street, Kwai Chung, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. Concerning item 5 above, approval is being sought from members as a general mandate to authorize allotment of shares. Save for the allotment of shares to the Trustees of the Company’s Employee Share Incentive Scheme dated 23rd March, 1990, which was approved by shareholders of the Company at an Extraordinary General Meeting held on 21st December, 1989, the directors have no immediate plans to issue any new shares of the Company pursuant to such approval.

4. The register of members of the Company will be closed from 15th April, 2003 to 25th April, 2003, both days inclusive during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 14th April, 2003.

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