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## **ASM PACIFIC TECHNOLOGY LIMITED**

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

(the “Company”)

### **Connected transactions**

The Group has sold products to APAP, a wholly owned subsidiary of ASMI (the ultimate holding company of the Company) since 1990 on normal commercial terms in the ordinary course of business.

The Group has paid an annual management fee of HK\$1.5 million to ASMI pursuant to a consultancy agreement which took effect from 5th December, 1988 and as disclosed in the Company’s prospectus dated 13th December, 1988.

These transactions constituted connected transactions of the Company under the Listing Rules but have not complied with the relevant connected transaction requirements under the Listing Rules. The Stock Exchange has stated that it reserves the right to take appropriate action against the Company and its directors for such breach of the Listing Rules.

An application has been made to the Stock Exchange for a waiver from strict compliance with the relevant disclosure requirements under the Listing Rules in respect of these transactions.

### **SALES OF PRODUCTS TO ASM PACIFIC ASSEMBLY PRODUCTS INC. (“APAP”)**

Subsidiaries of the Company (together with the Company, the “Group”) have sold products to APAP on normal commercial terms in the ordinary course of business since 1990.

APAP is a wholly owned subsidiary of ASM International N.V. (“ASMI”), the ultimate holding company of the Company with about 54.11% interest in the Company as at the date of this announcement.

In respect of these sales, APAP was in effect acting as an agent of the Group and sold the products to the Group’s designated customers in the United States of America (the “US”). The Group effected the sale through APAP mainly to facilitate a faster response to the US customers’ delivery requirements.

The value of sales to APAP and the percentage to the consolidated net tangible asset value of the Company as disclosed in the then latest published audited accounts for each year from 1990 to 2002 are as follows:

<b>Year</b>	<b>Sales to APAP (HK\$)</b>	<b>Sales to APAP as % of the consolidated net tangible asset value of the Company</b>
1990	3,344,000	1.14%
1991	12,654,000	3.89%
1992	9,628,000	2.70%
1993	12,963,000	3.23%
1994	13,248,000	2.78%
1995	16,857,000	2.80%
1996	21,550,000	2.71%
1997	19,475,000	2.16%
1998	21,350,000	2.29%
1999	15,542,000	1.64%
2000	22,175,000	1.93%
2001	13,522,000	0.76%
2002	46,544,000	2.54%

## **PAYMENT OF MANAGEMENT FEE TO ASMI**

The Group has paid an annual management fee of HK\$1.5 million to ASMI pursuant to a consultancy agreement (the “Consultancy Agreement”) which took effect from 5th December, 1988 and as disclosed in the Company’s prospectus dated 13th December, 1988. Pursuant to the Consultancy Agreement, ASMI acts as a consultant, introduces new business and provides assistance in business development, general management support and services, international expertise and market information to the Group.

The percentage of such payment to the consolidated net tangible assets value of the Company as disclosed in the then latest published audited accounts for each year from 1989 to 2002 is as follows:

<b>Year</b>	<b>Payment of management fee to ASMI as % of consolidated net tangible asset value of the Company</b>
1989	0.61%
1990	0.51%
1991	0.46%
1992	0.42%
1993	0.37%
1994	0.31%
1995	0.25%
1996	0.19%
1997	0.17%
1998	0.16%
1999	0.16%
2000	0.13%
2001	0.08%
2002	0.08%

## **DISCLOSURE IN ANNUAL AND INTERIM REPORTS**

Information on the sales of products to APAP and the payment of management fee to ASMI (the “Transactions”) has been disclosed as related party transaction in the relevant interim and annual reports of the Company.

## **OPINION OF THE DIRECTORS OF THE COMPANY**

The Company’s directors, including independent non-executive directors, are of the opinion that the Transactions have been entered into on normal commercial terms that are fair and reasonable as far as the shareholders of the Company are concerned.

## **LISTING RULES REQUIREMENTS**

The Transactions constituted connected transactions of the Company under the Listing Rules. However due to an inadvertent oversight, the Company has not complied with the relevant disclosure/shareholders’ approval requirements under the Listing Rules in respect of the Transactions.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has stated that it reserves the right to take appropriate action against the Company and its directors for such breach of the Listing Rules.

## WAIVER APPLICATION ON CONTINUING TRANSACTIONS

The Consultancy Agreement is continuing and the sale of products to APAP is expected to continue only for the year ending 31st December, 2003 pending the Group's setting up its own sales arm in the US. Based on the Group's sales to APAP for the year ended 31st December, 2002, the directors of the Company consider that the maximum amount of sales to APAP for the year ending 31st December, 2003 will be about HK\$50.9 million (being about 2.9% of the consolidated net tangible asset value of the Company as at 31st December, 2002).

The continuing Transactions require disclosure by way of press announcement under the Listing Rules. The requirement is burdensome to the Company if it is to be complied with for each of the Transactions. Therefore, the Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 14.25(1) of the Listing Rules for each of the Transactions (for the year ending 31st December, 2003 in respect of sales to APAP) on the following conditions:

- (a) the Transactions shall be conducted (i) either on normal commercial terms or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; (ii) in the ordinary and usual course of business of the Group; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;
- (b) the aggregate amount of the sales to APAP and its associates (as defined in the Listing Rules) shall not exceed HK\$50.9 million or the equivalent amounts in other currencies for the year ending 31st December, 2003 and the aggregate amount of the management fee to ASMI shall not exceed HK\$1.5 million for each financial year (the "Caps");
- (c) the independent non-executive directors of the Company shall review the Transactions annually and confirm in the Company's next and each successive annual report that the Transactions have been entered into in the manner as stated in paragraphs (a) and (b) above;
- (d) the Company's auditors shall review the Transactions annually and confirm in a letter (the "Letter") to the directors (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether:
  - (i) the Transactions have been approved by the board of directors of the Company;
  - (ii) the Transactions have been entered into in accordance with the terms and conditions of the relevant agreements; and
  - (iii) the Caps have not been exceeded,and if, for whatever reason, the auditors decline to accept the engagement or are unable to provide the Letter, the directors shall contact the Listing Division of the Stock Exchange immediately; and
- (e) details of the Transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the Company's next and each successive annual report together with a statement of the opinion of the auditors of the Company referred to in paragraph (d) above.

## **INFORMATION FOR SHAREHOLDERS**

The Group is principally engaged in the design, manufacture and marketing of machines, tools and materials used in the semiconductor industry.

Details of the Transactions as required under the Listing Rules will be included in the next published annual report of the Company.

By Order of the Board  
**Fung Shu Kan**  
*Director*

Hong Kong, 16th April, 2003

*Please also refer to the published version of this announcement in the (**The Standard**)*