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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

CONNECTED TRANSACTION

ASM Pacific Technology Limited (the “Company”) and ASM Front-End Manufacturing Singapore Pte. Ltd. (“FEMS”) entered into an agreement on August 10, 2005 for the provision of consultancy service to FEMS for a total service fee of US\$360,000 (equivalent to about HK\$2.8 million).

FEMS is a wholly owned subsidiary of ASM International N.V. (“ASMI”). ASMI is the ultimate holding company of the Company with about 53.84% interest in the Company as at the date of this announcement.

The transaction under this Agreement constitutes a connected transaction of the Company under the Listing Rules and is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

SERVICE AGREEMENT

On August 10, 2005, ASM Pacific Technology Limited (the “Company”) and ASM Front-End Manufacturing Singapore Pte. Ltd. (“FEMS”) entered into an agreement (the “Service Agreement”) on the following principal terms:

1. The Company and its subsidiaries (the “Group”) will provide computer software installation consultancy service to FEMS in its implementation of a particular enterprise resources planning software (the “ERP software”) in its production facility in Singapore.
2. The Group will receive a quarterly service fee of US\$90,000 (equivalent to about HK\$0.7 million), payable in arrears.
3. The Service Agreement shall be for a term of one year from August 16, 2005 to August 15, 2006 (both dates inclusive).

FEMS is a wholly owned subsidiary of ASM International N.V. (“ASMI”). ASMI is the ultimate holding company of the Company with about 53.84% interest in the Company as at the date of this announcement.

The amount of the service fee was determined with reference to the scope of service to be provided, estimated time cost of the manpower involved and the commercial value of the same consultancy service provided by an independent third party software consultancy service provider. The terms offered to FEMS are no less favourable than offered to independent third parties.

REASONS FOR THE AGREEMENT

The Company and its subsidiaries (the “Group”) are principally engaged in the design, manufacture and marketing of machines, tools and materials used in the semiconductor industry.

The principal business activity of FEMS in Singapore is the manufacture of equipment used to produce wafer for semiconductor devices.

The Group has extensive experience in implementation of the ERP software in its manufacturing facilities in Mainland China, Hong Kong and Singapore. Recently, FEMS has decided to use the ERP software in its manufacturing facility in Singapore. FEMS has requested the Group to act as consultant in its implementation of the ERP software. To utilize the expertise and the human resources of the Group, the Company has agreed to enter into the Service Agreement with FEMS.

The provision of the consultancy service is not the ordinary and normal course of business of the Group, however, the Service Agreement is entered into on normal commercial terms. Since the Group can derive reasonable profits from the provision of service under this Service Agreement, the Directors of the Company, including all the Independent Non-executive Directors, have considered the terms and conditions of the Service Agreement to be fair and reasonable, and in the interest of the Shareholders as a whole.

CONNECTED TRANSACTION

In view of the fact that ASMI is the ultimate shareholder of the Company and FEMS is a wholly owned subsidiary of ASMI, both ASMI and FEMS are regarded as connected persons of the Company under the Listing Rules. In this regard, the provision of consultancy service to FEMS constitutes a connected transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). As each of the percentage ratios (other than the profits ratio) of the connected transaction is less than 2.5%, approval from the independent shareholders is not required under the Listing Rules. The connected transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

On behalf of the Board
Alan Fung Shu Kan
Director

Hong Kong, August 15, 2005

As at the date of this announcement, the board of directors of the Company comprises Mr. Arthur H. del Prado, Mr. Patrick Lam See Pong and Mr. Alan Fung Shu Kan as Executive Directors; Miss Orasa Livasiri, Mr. Eric Tang Koon Hung and Mr. Robert Lee Shiu Hung as Independent Non-executive Directors.

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