ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

Announcement of 2006 Unaudited Results
Six months Ended 30th June, 2006

ASM's Outstanding Performance in First Half 2006

- Record turnover of US$293 million for six-month period
- Record profit of HK$625 million and EPS of HK$1.61 for six-month period
- Record cash on hand of HK$874 million at end of six-month period
- World's No. 1 in the assembly and packaging equipment industry
- Five consecutive quarterly records of leadframe turnover

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 a record turnover amounting to HK$2,273,105,000 for the six months ended 30th June, 2006, representing an increase of 56.0% as compared with HK$1,457,183,000 for the same period of the previous year and 9.3% gain when compared with the turnover of HK$2,079,672,000 for the preceding six-month period. The Group's consolidated profit after taxation for the six months is another record of HK$625,044,000 which is 93.2% higher than the corresponding period in 2005 and 18.6% larger than the previous six-month period. Record basic earnings per share (EPS) for the half-year period amounted to HK$1.61 (1st half of 2005: HK$0.84).

DIVIDEND

In view of the Company's continuing strong liquidity and rising equity base, the Board of Directors has resolved to pay an interim dividend of HK$0.70 (2005: HK$0.50) per share and a special dividend of HK$0.75 (2005: HK$0.20) per share. This is in line with our prudent policy, as stated in the past several financial result announcements, of returning current excessive cash holdings to our shareholders while continuing to operate the Group with the optimal shareholders' fund. Having well-established its leadership position in the microelectronics market over the years, ASM intends to further its organic growth path in the near term not only by enlarging market share with its high-performance, diversified products but also by moving into untapped market space that provides the opportunity for highly profitable growth. There is no short term need for major cash outlay and the Group has consistently managed to generate significant positive cash flow from operations in the past ten years.

The Register of Members will be closed from 17th August, 2006 to 24th August, 2006, both days inclusive. In order to qualify for the interim and special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, not later than 4:00 p.m. on 16th August, 2006. The interim and special dividend will be paid on or about 29th August, 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June,	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	1	**2,273,105**	1,457,183
Cost of sales		**(1,207,854)**	(802,860)
Gross profit		**1,065,251**	654,323
Other income		**17,328**	13,077
Selling expenses		**(182,008)**	(138,812)
General and administrative expenses		**(86,786)**	(64,848)
Research and development expenses		**(138,097)**	(119,015)
Finance costs		**(27)**	(3)
Profit before taxation		**675,661**	344,722
Income tax expense	3	**(50,617)**	(21,131)
Profit for the period		**625,044**	323,591
Dividend paid	4	**503,177**	404,532
Earnings per share	5		
— Basic		**HK$1.61**	HK$0.84
— Diluted		**HK$1.61**	HK$0.84

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30th June, 2006 (Unaudited) *HK$'000*	At 31st December, 2005 (Audited) *HK$'000*
Non-current assets		
Property, plant and equipment	**799,697**	808,030
Prepaid lease payments	**8,987**	8,951
Deferred tax assets	**659**	118
	809,343	817,099
Current assets		
Inventories	**666,708**	609,345
Trade and other receivables	**1,047,626**	892,255
Prepaid lease payments	**461**	448
Bank balances and cash	**874,434**	728,927
	2,589,229	2,230,975
Current liabilities		
Trade and other payables	**742,764**	585,020
Taxation	**99,302**	66,101
Notes payable to a bank	**1,544**	462
	843,610	651,583
Net current assets	**1,745,619**	1,579,392
	2,554,962	2,396,491
Capital and reserves		
Share capital	**38,706**	38,706
Dividend reserve	**561,236**	503,177
Other reserves	**1,951,997**	1,851,651
Equity attributable to equity holders of the Company	**2,551,939**	2,393,534
Non-current liabilities		
Deferred tax liabilities	**3,023**	2,957
	2,554,962	2,396,491

Notes:

1. SEGMENT INFORMATION

Business segments

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover		
Equipment	**1,805,701**	1,173,650
Leadframe	**467,404**	283,533
	2,273,105	1,457,183
Result		
Equipment	**570,307**	301,406
Leadframe	**90,002**	35,644
	660,309	337,050
Interest income	**15,379**	7,675
Finance costs	**(27)**	(3)
Profit before taxation	**675,661**	344,722
Income tax expense	**(50,617)**	(21,131)
Profit for the period	**625,044**	323,591

Geographical segments

	Turnover	
	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Mainland China	**587,231**	335,226
Taiwan	**412,464**	265,313
Malaysia	**381,592**	188,441
Thailand	**202,050**	96,482
Hong Kong	**166,053**	118,974
Korea	**138,318**	122,187
Philippines	**102,773**	93,198
United States of America and Latin America	**78,994**	62,911
Singapore	**68,794**	69,357
Europe	**61,243**	75,151
Japan	**47,630**	17,985
Indonesia	**22,363**	9,683
Others	**3,600**	2,275
	2,273,105	1,457,183

2. DEPRECIATION

During the period, depreciation of HK$82.4 million (HK$74.4 million for the six months ended 30th June, 2005) was charged to profit or loss in respect of the Group's property, plant and equipment.

3. INCOME TAX EXPENSE

	Six months ended 30th June, 2006 (Unaudited) *HK$'000*	2005 (Unaudited) *HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**45,136**	15,254
Taxation in other jurisdictions	**5,952**	4,489
	51,088	19,743
Deferred taxation (credit) charge	**(471)**	1,388
	50,617	21,131

Hong Kong Profits Tax has been calculated at 17.5% (17.5% for the six months ended 30th June, 2005) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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.

Certain subsidiaries of the Group were exempted from the People's Republic of China Income Taxes for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

The deferred taxation (credit) charge mainly related to the tax effect of temporary differences attributable to the difference of depreciation allowances for tax purposes and depreciation charged in the condensed financial statements.

4. DIVIDEND PAID

	Six months ended 30th June, 2006 (Unaudited) *HK$'000*	2005 (Unaudited) *HK$'000*
Second special dividend paid for 2005 of HK$0.30 (2004: Nil) per share on 387,059,500 shares	**116,118**	—
Final dividend paid for 2005 of HK$1.00 (2004: HK$1.05) per share on 387,059,500 (2004: 385,268,500) shares	**387,059**	404,532
	503,177	404,532
Proposed interim dividend of HK$0.70 (2005: HK$0.50) per share on 387,059,500 (2005: 385,268,500) shares	**270,942**	192,634
Proposed special dividend of HK$0.75 (2005: HK$0.20) per share on 387,059,500 (2005: 385,268,500) shares	**290,294**	77,054
	561,236	269,688

The dividends will be paid to the shareholders of the Company whose names appear in the Register of Members on 17th August, 2006.

5. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**625,044**	323,591
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	**387,060**	385,269
Effect of dilutive potential ordinary shares from the Employee Share Incentive Scheme	**608**	1,263
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**387,668**	386,532

REVIEW

The continued buoyant world economy has resulted in fairly strong consumer spending, especially for devices like cell phones, digital cameras, MP3 players and digital television. Coupled with a healthy consumption by the computer and games market segments, proliferation of electronic goods in our daily lives, and the rising semiconductor content in electronics due to increased functions and capabilities, the worldwide market for semiconductors has continued to expand rapidly in the past months. Most pundits have revised their forecasts upward by roughly two percentage points as compared with their own numbers six months ago. According to the latest projections by industry analysts such as SIA, Dataquest, VLSI Research, WSTS and IC Insights, the global semiconductor industry is expected to increase by 8–10% in 2006.

As a result of the rising semiconductor market's need for capacity-related equipment, and the constant challenges of higher performance, diversified functionalities, lower cost, and miniaturized devices for capability-related solutions, the demands for semiconductor assembly and packaging equipment have been robust across all application markets. More and more integrated circuits (ICs) are designed with finer line width, chip scale (QFN) and chip size (flip chip) form factors, stacked die (SD), stacked package (PoP), and system-in-package (SiP), requiring the latest generation of assembly equipment. Book to bill ratios for the industry have been slightly above parity in the past months, indicating a healthy market — especially for diversified-product equipment suppliers like ourselves.

Consistent with our results in recent years, ASM once again outperformed its industry peers and gained market share, maintaining the number one position in the global assembly and packaging equipment market we have held since 2002. We achieved a record Group turnover of US$293 million and a record profit of HK$625 million during the past six months. Return on capital employed and on sales were 26.5% and 29.0% respectively for the six-month period. Even though we made record shipments in the 2nd quarter and in the past six months, due to strong order inflows during the same period our book to bill ratio for the first six months was 1.17, and our ending order backlog as of 30th June, 2006 was in excess of US$153 million (US$102 million as of 31st December, 2005).

This was an outstanding result even by ASM's standards, and was largely due to the solid foundation laid over the years by the diversification of our products and application markets, efficient cost structure and successful introduction of technologically-advanced new products. During the first half of 2006, sales attributable to our five largest customers combined were 23.8% of the total, with no customer exceeding

10%, clear proof of the continuing success of our diversified market strategy. We also enjoyed a good geographical spread mirroring the investment trends in the industry, with Mainland China sustaining its top (25.8%) position, followed by Taiwan (18.2%) and Malaysia (16.8%).

Recent years' financial performance has clearly reflected the growing acceptance of our products by a larger pool of customers. During the first six months of 2006, equipment revenues were US$232.8 million, equivalent to 79.4% of the Group's turnover and exceeding the heights achieved in year 2000. With improved market demands, gain in market share and the expanded production capacity in our China and Malaysian plants, our leadframe business achieved its fifth consecutive record quarterly billings. In fact, leadframe revenues of US$60.3 million, representing 20.6% of the Group's turnover during the first half of 2006, were 20% higher than that of the preceding six months. Clearly the strategic realignment of our leadframe operations has yielded dividends. When our new Malaysian plant walks through its learning curve this year, we should be able to further improve our cost-competitiveness and expand the output of our QFN etched frames.

Judging from our key rival's reported group revenues, ASM's continuous advances in the market place and our steadily rising turnover, management believes our die bonder sales have overtaken all our global competitors in the past twelve months. Known for their value innovation and unparalleled cost-of-ownership, our dual-head gold wire bonders have enabled ASM to broaden its customer base with products unmatched by our competitors. Leveraging on ASM's R&D strengths and low-cost manufacturing, our highly flexible Osprey molding system has attracted both new and existing customers, resulting in an excellent reception for this newly-launched product that is unique in the market. The Osprey molding system also received Semiconductor International magazine's 2006 Editors' Choice Best Product Award in recognition of its distinctive capabilities — built-in flexibility and tooling-investment protection — and differentiated value to customers. Similarly, our image sensor assembly line is another product exhibiting the Blue-Ocean-Strategy concept, creating uncontested new market space and leaving the competition irrelevant. Our total solution for this particle-sensitive application has enabled ASM to enjoy an enviable market position in that application segment.

Satisfying the diversity of today's package types and applications requires multiple platforms for almost any assembly process, such as our gold wire bonder, die bonder, aluminum wire bonder, flip chip bonder, LED die sorter, encapsulation system, package singulation system and test handler products. While we need to provide short delivery times to our customers for standard products, the combined effect of a wider range of products, higher production run-rates, multiple platforms and new product introductions led to higher work-in-process and raw materials inventories as compared with six months ago. With more pipeline materials to address customer orders, our ending inventory as of 30th June, 2006 slightly increased to HK$666.7 million (HK$609.3 million as of 31st December, 2005), with an annualized inventory turn of 7.13 times (2005: 6.08 times) that was positively impacted by higher revenues. Moreover, with our diligent collection efforts, days-sales-outstanding was 78.2 days (2005: 88.2 days). Our sound working capital management has resulted in a free cash flow of HK$564.3 million and a return on invested capital of 35.2% during the past six months.

After paying last year's final and second special dividend of total HK$503.2 million in April and funding capital investment of HK$68.6 million in the first half of 2006, due to strong positive cash flow during the six-month period, the cash on hand as of 30th June, 2006 was HK$874.4 million, which was HK$145.5 million higher than six months ago and a record for ASM at the end of a six-month period. Our current ratio stands at 3.07, with zero long-term debt or bank borrowing, and a debt-equity ratio of only 33.2%. With no short-term needs and an on-going positive cash flow from organic-growth operation, these figures permit ASM's management to recommend a sustained high level of dividend to return the excessive cash holdings to our shareholders.

PROSPECTS

With the consumption of semiconductors for consumer applications higher than for corporate purposes, the health of the chip sector in future will be closely tied to the world's macroeconomic conditions and consumer spending. Based on market outlook, most industry analysts currently predict an 8–10% growth for 2006. Furthermore, SIA, WSTS and iSuppli also forecast that the semiconductor industry will continue to grow 11–12% in 2007. IC unit volume is projected to have a compound annual growth rate (CAGR) of 9.31% over the 2004–2009 period, according to the 2005 Electronic Trend Publication.

For the assembly equipment market, the widely divergent growth predictions of the various industry analysts ranging from 3.6 to 22.1% (VLSI Research 3.6%, SEMI 9.0%, Dataquest 22.1%) made six months ago have been replaced with more convergent views of double-digit growth with a smaller range of 11.7–19.0% (SEMI 11.7%, Dataquest 17.5%, VLSI Research 19.0%), reflecting some of the market strengths witnessed during the first six months of the year. The rate of change this year will depend on how far the market can sustain the strong momentum of the first two quarters.

After three decades of IC packaging format creations such as through-hole plastic dual-in-line (DIP), surface-mounted device (SMD), ball-grid array (BGA), flip chip (FC) and quad-flat pack with no lead (QFN), and constant evolution towards miniaturization, the semiconductor industry continues to press forward on its packaging journey in basically two directions: application-driven devices and high-density packaging integrating the known assembly processes. The former requires a host of customized packaging solutions for applications like smart cards, RFID, sensors (e.g. CMOS image sensors for camera modules), MEMS, high brightness LEDs, etc., while the latter demands a new generation of assembly systems based on the traditional assembly processes but stretching the technology envelope to address high-density packaging: stacked die (SD), stacked package (PoP), system-in-package (SiP) and multi-chip module (MCM).

While these different application niches and known processing technologies will coexist in the future, to sustain ASM's continued leadership and to build resilience in this dynamic industry management believes in addressing these challenges simultaneously. In addition to preparing a new generation of die, flip chip, gold and aluminum wire bonders to enhance our leading market position, we have also dedicated R&D resources to develop equipment for the growing multi-chip die bonding and chip-on-glass (COG) flip chip applications, aiming for marketable products in 2007. It is our firm belief that providing integrated packaging solutions is the most effective marketing tool; while organic growth through product adjacency — selling other ASM products to the same customers — and the introduction of Blue-Ocean-Strategy products is the appropriate business strategy for the next couple of years while we sail through the management succession.

Our current success brings with it a requirement to plan for future expansion. The growing customer acceptance as well as the market potential of our molding systems and test handler products necessitates making some strategic decisions. These products are ripe for major market assaults and must be supported by larger sales forces, shorter delivery lead time and more technical service personnel. Coupling this with the growing market share of ASM's diversified products, it is important that we prepare sufficient production capacity for our die and wire bonders and back end products (automold and post-encapsulation products) for the coming years. As such management has decided to rent additional 120,000 sq.ft. premises adjacent to our Fu Yong, Shenzhen, China factory, and transfer the entire parts fabrication and module assembly of our back end products (BEP) to this location. Besides providing room for expanding output of our emerging back end products, this move will also generate the much needed space to enlarge our bonder manufacturing in the Shaotaojiao, Shenzhen, China plant.

Over the years we have built a wealth of technologies and a vast pool of talent at ASM. Our track record of successfully executing ASM's customer-centric business strategy speaks for itself. The broad customer base coming from various application markets, the diversified product offerings and the industry's most efficient cost structure are ASM's sustainable competitive advantages. Furthermore, ignoring short-term sales fluctuation in favour of long-term growth, ASM has consistently committed 10% of our equipment sales — US$234.6 million in the past ten years — on R&D and made substantial capital investments —

US$246.3 million in the last decade — to position ASM advantageously in the global market. The battle for market share is an arduous struggle, and in general the outcome will favour companies with richer resources. Given our strengths in these areas, it is management's belief that ASM will continue to outperform our industry peers and maintain our leading position in the foreseeable future.

On a personal note, having led ASM Pacific Technology Ltd. (ASMPT) for 31 years of profitable growth since its inception, it is now time for me to reorder my priorities in life. It is my plan to officially retire from ASMPT on 31st December, 2006. As agreed with the ASMPT's Board of Directors and its major shareholder, ASM International, I will stay on as ASMPT's Honorary Chairman for six months until 30th June, 2007, to ensure an orderly transition as I pass on the baton. The records achieved during my tenure are meant for my successor to break, and I am confident that the succeeding leadership team consisting of my comrades of the past 25 years will lead ASMPT to even higher ground.

CORPORATE GOVERNANCE

In order to ensure full compliance of the Company's Articles of Association with the Code Provisions as set out in the Code on Corporate Governance Practices ("C.G. Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), a special resolution was passed at the 2006 annual general meeting of the Company held on 24th April, 2006 to amend the Company's Articles of Association so that all directors will be subject to retirement by rotation once every three years and any new director appointed to fill a causal vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.

The Company has complied with all the Code Provisions set out in the C.G. Code during the six months ended 30th June, 2006.

AUDIT COMMITTEE

The audit committee is comprised of three independent non-executive directors who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30th June, 2006 in conjunction with the Company's external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are Mr. Arthur H. del Prado (Chairman), Mr. Patrick Lam See Pong and Mr. Alan Fung Shu Kan as Executive Directors; Mr. Arnold J. M. van der Ven as Non-executive Director, Miss Orasa Livasiri, Mr. Eric Tang Koon Hung and Mr. Robert Lee Shiu Hung as Independent Non-executive Directors.

On behalf of the Board
Patrick Lam See Pong
Director

Hong Kong, 31st July, 2006

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