

Review (continued)

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 31 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 31 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 31 December 2002, the total headcount of the Group worldwide was approximately 5300 people.

業務回顧(續)

儘管我們需要處理多項產品的過渡，增加半製品以應付更多元化的產品需要及因應客戶要求縮短交貨時間，ASM近年廣泛應用於全球業務的企業資源計劃(ERP)軟件已證明能有效地簡化我們的物流及存貨管理。於二零零二年，我們已成功把總存貨量減少港幣一億零一百四十萬元，或較十二個月前降低百分之十六點七。綜合存貨減低及營運所帶來的溢利收益，我們於年內產生港幣三億五千八百八十萬元的自由現金流量(free cash flow)及錄得投入資本收益率(return on invested capital)達百分之十九點六。

流動資金及財務狀況

於二零零二年十二月三十一日，集團的股東資金輕微下降至港幣1,756,072,000元(二零零一年：港幣1,829,047,000元)。如過去三年一樣，集團並沒有長期借貸，資產負債比率為零。

儘管派發了港幣三億八千一百六十萬元股息，及於十二個月內投入港幣一億零八十萬元作資本性投資，由於集團的存貨減少及擁有充裕的現金流入，於二零零二年十二月三十一日，手頭現金只是微降至港幣465,569,000元(二零零一年：港幣478,487,000元)。事實上，集團所有的資本性投資乃由是年港幣一億五千六百四十萬元的折舊所支付。

除了向銀行貸款五千三百萬日圓以對沖我們的日圓資產面對的匯率波動外，集團並沒有任何銀行借貸。於二零零二年，銀行貸款對股本比率僅為百分之零點二，而流動比率則為三點九六。於年內，集團緊密監察應收賬款，令應收賬款週轉率維持在八十點八天。

集團主要之銷售貨幣單位為美元，因此匯率風險非常低。另一方面，集團主要以美元、港幣、新加坡幣及人民幣支付開銷。有限量的日圓應收賬款足夠應付部份應付予日本供應商賬款及以上的對沖借貸。

人力資源

集團與員工訂立了具競爭力的薪酬制度。除員工薪金外，集團亦為員工提供其他福利，包括退休供款計劃及醫療津貼。此外，視乎集團的業績及個人表現，個別的花紅及紅股可按需要分發予應嘉許員工。整體而言，集團每年會進行一次薪金調整，並致力維持其嚴謹的員工培訓計劃。

於二零零二年十二月三十一日，集團全球共有約五千三百名員工。

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.

展望

儘管全球經濟放緩，電子產品繼續於我們的日常生活中蓬勃增長，尤其於移動通訊及其他無線設備業將持續呈現這趨勢。行業分析機構 (Dataquest, iSuppli, IC Insights, SIA, VLSI Research, SEMI) 目前預測半導體業將於二零零三年增長百分之十二至二十三，並於二零零四年持續達到雙位數字的增長。根據 InStat 之預測，集成電路產量的增幅將逾百分之十，而 SEMI 的數據顯示其他包裝原料如引線框架將有百分之八點二的增長。晶積度包裝如 QFN 因被廣泛應用於無線通訊及手提產品上，預期增長迅速。

繼裝嵌及包裝設備業於過去兩年持續蕭條的情況後，分析員目前預測於二零零三年此行業將可回復增長百分之十五至二十八，而二零零二年的推測為百分之九至三十的負增長。由於我們客戶的業務均屬資本密集型，故一個活躍及具流動性的資本市場對其融資需要尤為重要。目前，投資者對股票市場的信心仍然疲弱，故相信資本性設備市場只能和緩地復甦。大部份人仕預期今年的訂單比率將按季度逐漸改善。ASM 於年初的積存訂單為三千五百萬美元。

目前的股票市場環境及流動資本短缺的情況實質上令 ASM 受惠，皆因這情況對於我們那些產品種類有限、負債比率高企及財務狀況疲弱的競爭對手造成重大的壓力，迫使他們以長線發展為代價換取短線措施壓止現金外流。反觀 ASM 憑藉充裕的人力資源及零負債的財務優勢，進取地投資於設備及產品創新上，透過包裝發展支援，與客戶締結策略夥伴關係，大大加強我們未來的競爭力。集團計劃於二零零三年的資本性投資為港幣一億六千萬美元。

為滿足先進晶片組裝要求的低 k 電介體 (low k dielectric)，更微細的管線闊度及銅線交接，ASM 積極以內部資源及與客戶和研究機構共同研發金線及銅線焊接工序。集團將於今年內推出一款高產能的金線焊機，以提升我們的領導地位。同樣地，一款以直線馬達技術開發的微距鋁線焊機將於二零零三年面世，這將進一步鞏固 ASM 於軟包裝市場的主導地位。

Prospects (continued)

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.

Appreciation

Last year I predicted that all might not be smooth sailing in 2002, but we could look forward to seizing the opportunity to increase our market share as we did during the previous slowdown. This statement has proved itself correct, as we have now become the world's number one in our industry.

The resilience, talent and dedication of all those who work for ASM has been the engine driving our success. The Board would like to take this opportunity to recognize our employees' efforts and express its appreciation. It has been a long race, and although we are ahead of the pack we have no intention of resting on our laurels. ASM is fully prepared to take aggressive advantage of the coming market recovery and looks forward with confidence to extending our lead over our competitors.

Arthur H. del Prado

Chairman

18 February 2003

展望(續)

正如我們於二零零二年中期報告中所述，我們已研發金及銅釘頭的焊接機以擴寬覆晶裝嵌設備產品的種類，迎合不同程序需要。與此同時，我們亦正提升AD900覆晶焊接機於提供熱能超聲波焊接的能力。這兩款機器將可於今年上半年作實地測試。以往集團未有參與以軟焊料裝配的電源芯片(power device chip attachment with soft solder process)市場，但現時我們正準備提供一款具成本效益的軟焊料晶片焊機(soft solder die bonder)以滿足客戶需求。此外，有見QFN 蝕片引線框架不斷上升的產量需求，我們已裝設卷軸至卷軸蝕片設備及電鍍設備，以滿足生產及成本目標。

於過去數年，眾多集成裝置製造商和包裝公司已於中國或宣佈於中國建立廠房。受惠於內地湧現許多成功企業，中國市場已於二零零二年成為ASM第二大的銷售領域，佔集團營業額的百分之十五，帶來有史以來的最高收益及貢獻比率。我們憑藉鄰近市場的優勢，完善的銷售網絡，經驗豐富的當地技術人員及於裝嵌和包裝設備業內的超卓地位，ASM已處於有利位置，定能受惠於中國半導體業快速增長所帶來的商機。

致謝

去年，本人已預期二零零二年的前路不會一帆風順，但我們秉承過往於經濟放緩時的做法，把握機會擴大市場佔有率。由我們已晉升為業內全球之冠可見，足證這信念正確。

我們的成功全賴所有曾為ASM竭誠服務，付出精神、專長及努力的員工。集團董事會謹此致以衷心謝意。此乃長途比賽，儘管我們已領先其他對手，我們不會因此而自滿。相反地，ASM已準備就緒，積極把握即將來臨的市場復甦，並有信心能於芸芸競爭對手中保持領導地位。

主席

Arthur H. del Prado

二零零三年二月十八日