



# ***ACCELERATING***



***the pace of semiconductor packaging innovation***

Annual Report Fiscal

# 2001



### ***Our Mission***

To become the preferred packaging, assembly, and test supplier in the industry through our advanced technology, operational excellence, and superior services.

### ***Corporate Profile***

ASAT Holdings Limited, a publicly traded company on the Nasdaq (ASTT as an ADR), provides advanced integrated circuit package designs and has offered outsourced assembly and test services to the semiconductor industry for more than ten years. ASAT assembles a broad selection of innovative leaded and Ball Grid Array (BGA) packages utilizing advanced technology characterized by high electrical and thermal performance. The Company also has multi-chip module and flip-chip assembly lines and supplies testing for complex broadband mixed-signal, system-on-a-chip, and RF package devices. ASAT facilities and offices are located across the U.S. and in Asia and Europe, with major manufacturing sites strategically located in Hong Kong and France. Construction is underway for the Company's new plant in China.

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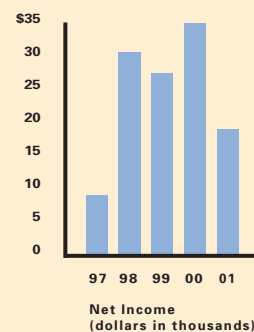
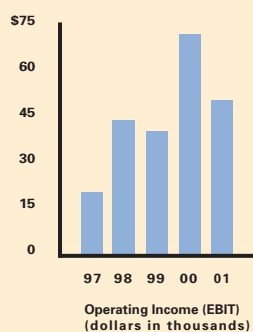
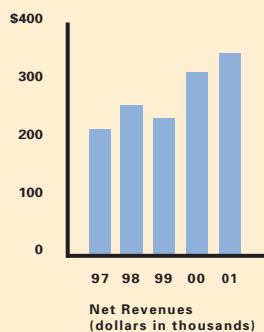
This annual report contains forward-looking statements intended to qualify under the "Safe Harbor" provision of the Private Securities Litigation Reform Act of 1995, including statements regarding the anticipated demand for ASAT's products and services for fiscal year 2001. These projections and statements are based on management's estimates and assumptions with respect to future events and financial performance and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results could differ materially from those projected as a result of certain factors. A discussion of these factors is included in the Company's periodic reports filed with the Securities and Exchange Commission.

# FINANCIALS

## Financial Highlights

(dollars in thousands)

<b>Fiscal Year Ended April 30</b>	FY 97	FY 98	FY 99	FY 00	FY 01
Net revenues	\$213,508	\$243,103	\$220,623	\$312,131	\$340,236
Operating income (EBIT)	\$ 18,474	\$ 43,580	\$ 37,635	\$ 69,026	\$ 49,564
Before extraordinary items					
Net income	—	—	—	\$ 34,709	\$ 32,546
Earnings per ADS—basic and diluted	—	—	—	\$ 0.30	\$ 0.25
Net income	\$ 8,087	\$ 30,339	\$ 26,046	\$ 34,709	\$ 19,420
Earnings per ADS—basic and diluted	\$ 0.07	\$ 0.26	\$ 0.23	\$ 0.30	\$ 0.15
Weighted average number of ADS outstanding	—	—	—	115,200	130,992
<b>April 30</b>					
Cash, cash equivalents & short-term investments	\$ 2,016	\$ 3,248	\$ 1,409	\$ 10,892	\$ 79,880
Total assets	\$202,611	\$253,068	\$218,683	\$283,481	\$403,503
Total stockholders' equity	\$ 50,845	\$ 82,399	\$ 76,994	\$ 14,124	\$250,566



## ***To Our Shareholders and Friends***

Fiscal 2001 was an exciting and challenging year for ASAT. It was our first year as a publicly traded company and a period of solid accomplishments during which we positioned ASAT for continued strength in advanced semiconductor packaging and test solutions despite significant market challenges. These accomplishments include a host of new products and services that we feel will play a vital role in the Company's future success, including:

- The introduction of ASAT's Kestral product family, delivering smaller, faster, cooler, more flexible, adaptable, and reliable performance.
- The development of our Moisture Sensitive Level One (MSL-1) process, resulting in unlimited shelf life for all lead frame-based products, a process that no other competitor offers.
- The expansion of our capabilities in France to increase our responsiveness to our customers in Europe and the Americas.
- The enhancement and expansion of our test facilities in the U.S., Asia, and Europe.
- The leveraging of our strong operating cash flow and refinancing to pay down a substantial portion of our existing debt.

To help with its growth strategy, ASAT completed its initial public offering July 11, 2000, generating \$222 million in net proceeds for the Company. These proceeds, combined with operating cash flow, enabled the Company to invest \$108.7 million in capital equipment to grow the business and improve ASAT's market position. In addition, sales grew to \$340.2 million, a 9% increase over the prior year. ASAT finished the year with \$80 million in cash; fixed assets of \$265.6 million, a 60% increase over the prior year; and a healthy 4.6 to 1 ratio of current assets to current liabilities.

During the last trimester of our fiscal year 2001, our industry began to experience what is arguably the sharpest downturn in the history of the semiconductor industry. The communications sector, historically among the fastest growing industry sectors and which represents approximately 80% of ASAT's customer base, was particularly affected by this downturn. However, it should be noted that according to the Semiconductor Industry Association (SIA), the communications sector is expected to be key in the market recovery and, over the long term, will remain one of the fastest-growing market segments. ASAT is well positioned for continued success in this sector as our customer base represents the blue-chip players in the industry.

Our strategy in this market is two-fold: First, to reduce expenses and second, to broaden our customer base. We took actions to reduce our cost structure, lowering our break-even point and enabling ASAT to endure this industry downturn.

We have also focused our efforts on new technology. Our new product introductions have two benefits. First, they address the technology designs our traditional customers are introducing into the market place. Second, many of these ASAT technologies have significant potential in much broader-based applications, enabling ASAT to penetrate new market sectors for the Company and to broaden our customer base.

ASAT is poised for success in these markets because of the unique value we offer—providing personalized packaging and test solutions. ASAT is widely regarded as the advanced packaging, low cost-of-ownership leader. Rather than giving our customers a generic selection of standard products from which to choose, we provide them with personalized package designs. Using our powerful design, modeling, and simulation tools, we construct application-specific packages to meet each customer’s specific needs.

Our commitment to extending ASAT’s leadership in the advanced packaging market includes a focused effort on gaining market share through new customers, designs, and products. We are also dedicated to building on the Company’s strength as a total solution provider delivering a powerful combination of design, assembly, test, and award-winning customer service. To successfully meet these goals, we are focusing on growing our leaded and BGA products business, positioning us well for the broadband markets. In addition, our Kestral family of products places us in a strong growth position in the wireless and consumer sectors. The Company is continuing its expansion of flip-chip and Module System Package (MSP™) capabilities, and our MSL-1 development is expected to provide significant economic benefits for the end-user equipment manufacturer.

While the downturn in the semiconductor industry makes the short-term outlook uncertain, the demand for speed, convenience, and connectivity expands exponentially. We will continue to position ourselves through excellent customer support, successful designs and qualifications for new worldwide customers and applications, new product innovation, and attention to broadband and consumer applications. This will enable us to excel during the coming upturn. ASAT is one of the strongest assembly and test companies for advanced, high-performance packaging solutions and we are building on these strengths to become even more competitive and successful.



Jerry Lee  
Director and Chief Executive Officer



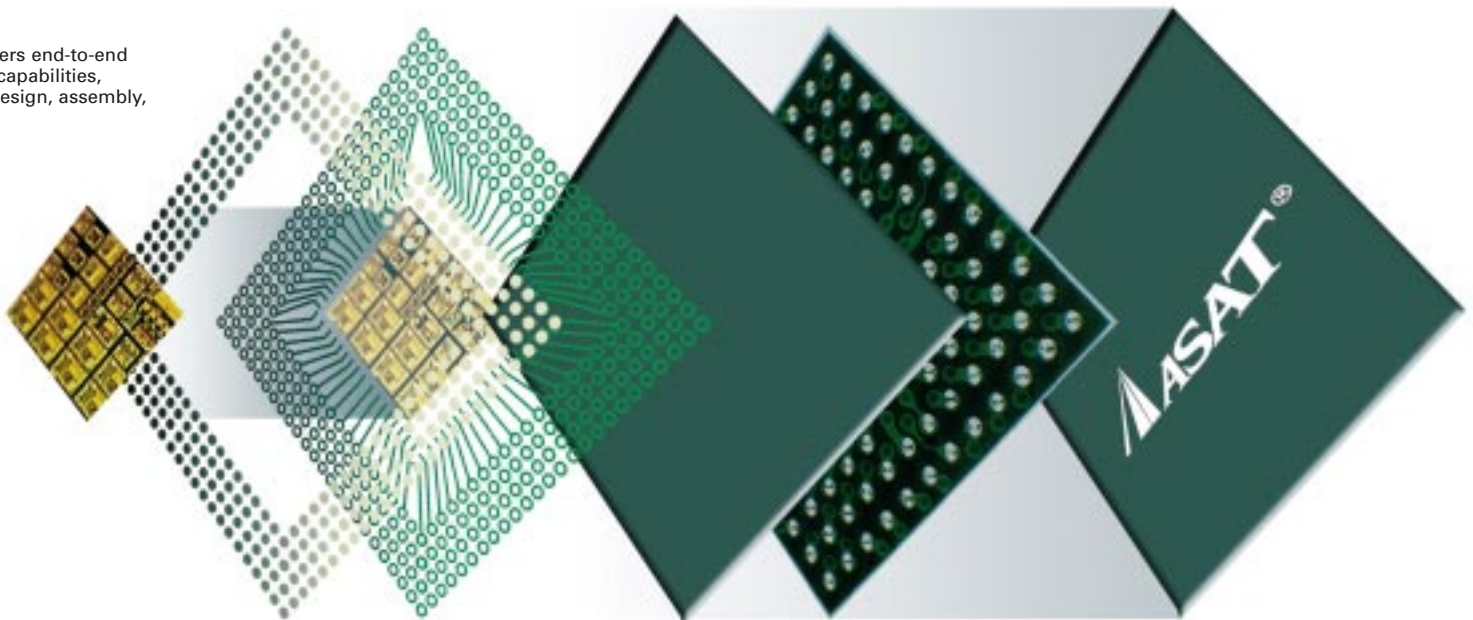
# SOLUTIONS SERVICE

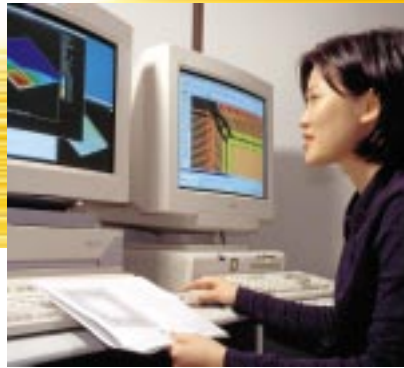
## ***Innovative Technology and Superior Services***

### ***Customer-focused Design***

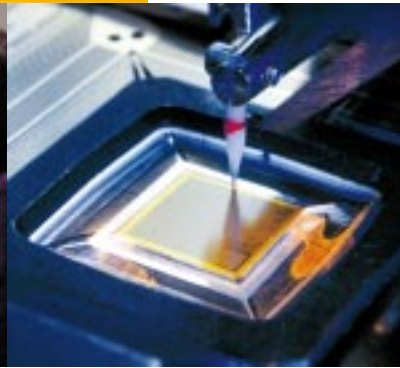
“ASAT focuses its R&D on making our products work the first time.” This is a typical ASAT customer comment and exemplifies the Company’s image. ASAT has earned a reputation for excellence by delivering turnkey processes featuring design, assembly, test, and logistics. What the Company really gives its customers is time—specifically time to market—through superior responsiveness, reliability, and fast cycle times. ASAT understands the needs of its customers and delivers solutions to meet those needs. Each design is optimized in terms of power dissipation, electrical performance, and footprint, which results in high-yield, cost-effective packages tailored to each individual application and integrated with the test strategy. ASAT also partners with customers to help them become more competitive. This partnership means a design win for ASAT is also a design win for its customers. Furthermore, the Company extends a combination of low cost of ownership and world-class support that has been recognized by its partners throughout the semiconductor industry.

ASAT delivers end-to-end packaging capabilities, including design, assembly, and test.





Comprehensive electrical and thermal modeling provide superior engineering support.



Advanced wire bonding ensures exceptional performance.



ASAT offers state-of-the-art testing capabilities for every packaging solution.

### **Advanced Packaging**

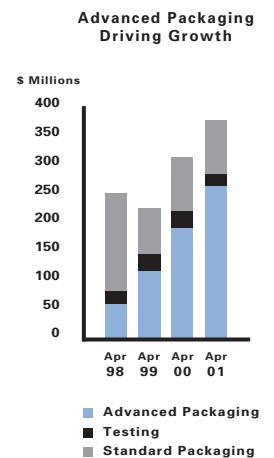
ASAT has always been associated with highly advanced and flexible packaging technology. The Company's newest Kestral products represent a technological revolution in packaging, delivering smaller, faster, cooler, more flexible, adaptable, and reliable performance. This makes ASAT the logical choice for a variety of advanced chip technologies, including Complementary Metal Oxide Silicon (CMOS), Fiber Optics, Gallium Arsenide (GaAs), and Silicon Germanium (SiGe).

The Kestral family is also ideal for consumer applications such as wireless and broadband communications, providing superior lead-free, low-profile, high-power dissipation performance. Plus, this family of products can be footprint compatible with standard leaded packages, easily replacing them when higher performance is required. ASAT's advanced Leadless Plastic Chip Carrier (LPCC™), for example, enables smaller, faster, and higher-performance products. The Company has also made significant breakthroughs in its Thin Array Plastic Package (TAPP™) solution, which provides more connection points on a smaller, lighter, lead-free, thinner package with excellent thermal and electrical characteristics for smaller handheld and portable applications. This innovative packaging solution delivers high yields, exceptionally robust performance, and superior flexibility. It also features a multi- and single-row, fine-pitch design that makes it ideal for use in mixed-signal mobile communications, as well as Internet, data networking, and broadband applications.

ASAT believes this type of enabling technology will bring tomorrow's products to market faster and will lower the total cost of ownership for all customers.

### **Proven Test Capabilities**

The Company's capabilities in mixed-signal, RF, and strip testing put ASAT in a very strong position to meet the increased demand for outsourced integrated circuit (IC) package testing. These capabilities are built on the Company's extensive experience in test. In fact, ASAT tests 25% of the units it assembles. The Company's tester network for both mixed-signal and digital products includes linked operations in the U.S., Europe, and Asia and features ISDN lines for program and data transfer, real-time tester connections from local or remote locations, and test program management and development.



# CONSUMER BROA

## ***Packaging Innovation for Everyday Life***

For more than ten years, ASAT has focused on helping bring innovative products to market. Today, the Company continues to be committed to building on its networking foundation with exciting emerging applications. ASAT's ability to anticipate trends enables the Company to deliver market-driven solutions.

ASAT has identified several significant areas for growth in the evolving communications market, the most critical of which is broadband. The major reasons for this growth are the need for better Internet access, the need to share files and peripherals like printers, the desire to transfer data between PCs, and the growth of multi-user applications. Additionally, applications such as Voice-over-Internet Protocol (VoIP), digital subscriber link (DSL) modems, switches, digital cameras, base stations, routers, cell phones, notebook



High-speed broadband  
and networking applications.



Compact, wireless,  
Internet-ready applications.



More advanced, simpler,  
consumer products.



Smaller, more powerful,  
hand-held devices.



# DBAND WIRELESS

PCs, MP3s, set top boxes, servers, and Internet appliances are driving the need for more bandwidth. The Company also sees significant promise in the convergence of technologies that combine communication, computing, and consumer applications, which will require more sophisticated and complex semiconductors and, therefore, more advanced semiconductor packaging.

Meeting the needs of these growing markets takes more than just technological innovation. It also takes superior reliability and customer service. That's why ASAT focuses on working closely with customers to develop exactly what they need for a specific requirement and ensure total solution performance—including technology, service, and on-time delivery.

The Company also realizes the importance of serving customers worldwide and has taken great strides toward expanding its global services. Over the past year, capital expenditures increased assembly capacity by 65% and test capacity by 70% and supported our global expansion into areas such as China and France to better meet customer needs abroad. The Company's new China facility is being specifically developed to satisfy customer requirements for export-oriented and domestic China markets. In addition, ASAT has expanded its capabilities in Nancy, France to deliver short turnaround and logistic flexibility, efficient transfer to turnkey mass production, drop ship in Europe, second-source location, and third-generation RF testing capabilities. The comprehensive capabilities of this facility, as well as its close proximity to European companies and SEMI design centers, makes this a key strategic site for ASAT's continued strength in Europe.

It is through this consistent dedication to growth, performance, and customer service that ASAT will continue to accelerate the pace of innovation in semiconductor packaging.



ASAT works closely with customers to bring innovative solutions to market faster.

# CORPORATE

## **Corporate Information**

### **ASAT Holdings Limited, Headquarters**

ASAT Ltd.  
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138 Texaco Road  
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Fax: 852-2407-4056

### **USA Headquarters**

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Fremont, California 94538  
USA  
Tel: 510-249-1222  
Fax: 510-249-9105

### **Stock Trading**

Exchange: Nasdaq National Market  
Symbol: ASTT

### **Transfer Agent and Registrar**

Bank of New York  
Hong Kong Branch  
New Henry House, 6th Floor  
10 Ice House Street  
Hong Kong  
Tel: 852-2840-9821  
Fax: 852-2877-0863

### **Independent Auditors**

Arthur Andersen & Co.  
21/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### **Legal Counsel**

Milbank, Tweed, Hadley & McCloy LLP  
3007 Alexandra House  
16 Charter Road  
Hong Kong

### **Annual Meeting**

Friday, August 20, 2001 at 10:00 a.m. at  
ASAT Holdings Limited in Hong Kong

### **Board of Directors**

Jerry Lee  
Director and Chief Executive Officer  
ASAT Holdings Limited

Edward W.S. Cheng  
Chief Executive  
USI Holdings Ltd.

Dr. Henry Cheng  
Managing Director  
New World Development Ltd.

Tung Lok Li  
Chairman  
QPL International

Andrew Liu  
Chairman  
Chief Executive Officer  
J.P. Morgan Partners Asia

Joseph Martin  
Director and Senior Vice President of  
Strategic Relations  
ASAT Holdings Limited

Lawrence S. Miao  
Managing Director  
Olympus Capital Holdings Asia

Maura Wong  
Partner  
J.P. Morgan Partners Asia

### **Senior Management**

Jerry Lee  
Director and Chief Executive Officer  
ASAT Holdings Limited

J. Stanley Baumgartner, Jr.  
Senior Vice President and  
Chief Financial Officer

James Healy  
Senior Vice President of  
Worldwide Sales and Marketing

John Lo  
Senior Vice President of Operations

Joseph Martin  
Director and Senior Vice President of  
Strategic Relations

Neil Mclellan  
Chief Technology Officer

Edward Combs  
Vice President of Engineering

Jerry Herrera  
Vice President of Operations

Jimmy Ng  
Vice President of Quality

Christopher Buckley  
Vice President of Asia/European Sales

### **Internet Address Information**

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and its products and services.

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