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Subject: (EMBARGOED) Speech by Mr Lim Swee Say, 8 May 2000, 9.45 am

Singapore Government
MEDIA RELEASE

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SPEECH BY MR LIM SWEE SAY, MINISTER OF STATE FOR TRADE & INDUSTRY AND COMMUNICATIONS & INFORMATION TECHNOLOGY AT THE 10TH ANNIVERSARY OF ASM TECHNOLOGY SINGAPORE PTE LTD ON MONDAY, 8 MAY 2000 AT 9:45 AM, AT NO. 2 YISHUN AVENUE 7

Mr Arthur del Prado, CEO and President of ASM International

Mr Patrick Lam, Vice President ASM International; MD, ASM Pacific

Technology Ltd,

Mr Lee Wai Kwong, MD, ASM Technology Singapore Pte Ltd,

Distinguished Guests, Ladies and Gentlemen

1.   I am happy to join you here today to celebrate ASM Technology Singapore Pte Ltd's ten years of successful operation in Singapore.

2.   Singapore is proud to be associated with ASM International, a global leader in semiconductor equipment manufacturing. When the company started

manufacturing in Singapore in 1990, it was located in a flatted factory of 1,400 sq. m with about 50 employees. At that time, the annual output of our electronic industry was about S$28 billion. The industry was dominated by the production of mass data storage and consumer electronics. Semiconductor accounted for only 11% of the industry output.

3.   Today, ten years later, ASM Technology Singapore has grown many times bigger. It is now housed in a 32,000 sq.m building, and employs over 700 people. It has grown into a leading manufacturer of semiconductor assembly equipment and lead-frames in this region. Last year, it achieved a revenue of more than S$200 million, an increase of more than 100% over 1998. ASM Technology Singapore is now an important part of ASM International, contributing half of its semiconductor assembly business and over 25% of its total turnover.

4.   Our electronic industry has likewise grown much over this period of ten years. Industry revenue has grown by an average of 11% a year to reach S$71 billion in 1999. More significantly, the industry has undergone continuous upgrading towards higher value added products and operations. Consumer electronics now accounts for only 3% of the industry output, down from 21% ten years ago. On the other hand, semiconductor now accounts for 20% of the industry output, contributing $13.7 billion of industry output in 1999.

5.   Looking ahead, the outlook for the global semiconductor industry is positive. Last year, the global semiconductor market posted a record high of US$160 billion in total revenue, a 22% increase from 1998. It is projected to grow at more than 24% for the next two years.

6.   The turnaround of the global semiconductor industry presents a good opportunity for equipment manufacturers to expand their activities in growing markets such as Asia. The concentration of IC assembly and test activities in this region as well as the growing number of wafer fabs here enable Singapore to be well placed as a world-class hub for semiconductor equipment development and assembly.

7.   Under the Industry 21 plan spearheaded by the Economic Development Board, one of our targets is to grow the semiconductor equipment sector (which has an output of over S$460 million last year) to support the growth of semiconductor cluster. Our challenge is to continue to build new capabilities, _not just higher value adding in production, but also value creation through_

innovation development.

8.   ASM has played a constructive role in our efforts towards both higher value adding and value creation. One key ingredient of ASM Technology's success is its strong commitment to innovation. I understand that its R&D team has helped roll out over ten new products. One had even won the Semiconductor International Editor's Choice for Best Product Award in 1998. The company has a well-tested methodology to bring product ideas to commercialiasable solutions. Its employees are highly self-motivated to pursue breakthrough in innovations. Its rich base of competencies in precision mechanical design, real-time software control, computer vision, motion control, computer-aided engineering and precision assembly process will certainly add to this innovative culture in ASM.

9.   I am confident that ASM Technology Singapore will continue to strengthen and leverage on the capabilities it has built over the past ten years. I understand that ASM Technology will be investing 10% of its annual revenues in R&D and innovation. We look forward to the day when ASM Technology Singapore would undertake the development and assembly of systems for the production of advanced IC packages such as Chip Scale Packages, Ball Grid Array and Flip-Chip. We also look forward to the development and assembly of wafer fabrication equipment in Singapore to better serve the customers in the region. This will help Singapore remain competitive and relevant to the global semiconductor industry.

10.   On our part, the Singapore Government hopes to contribute to the further growth of ASM International. We are committed to enhance our infrastructure, supporting industry and manpower capability. We strive to stay at the forefront of technology, and offer a competitive and conducive investment environment as we position ourselves to play a greater role in the Knowledge Based Economy.

11.   On behalf of the Singapore Government, I thank ASM International and ASM Technology Singapore for your contribution to the Singapore Economy. I congratulate all staff and management of ASM Technology Singapore Pte Ltd on your 10th anniversary, and wish you many prosperous and successful years ahead. Thank you.