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**ADVANCED SEMICONDUCTOR ENGINEERING, INC. REPORTS RECORD SALES,
NET EARNINGS IN THIRD QUARTER 2000**

Taipei, Taiwan, R.O.C., October 30, 2000 – Advanced Semiconductor Engineering, Inc. (TAIEX: 2311, NYSE: ASX), (“ASE”, or the “Company”), one of the world’s largest independent providers of semiconductor packaging and testing services, today reported record quarterly sales of NT\$13,904 million and record quarterly earnings of NT\$1,623 million in the third quarter ended September 30, 2000.

“We are pleased to report that ASE had another record setting quarterly results,” said Mr. Jason Chang, chairman of ASE Inc. “Over the past 18 months, we have successfully implemented our core business strategies, which include expanding our operations through both internal growth and strategic acquisitions; broadening the geographic coverage of our business, achieving critical technology advancements across assembly, test and key materials. In addition and most importantly, leveraging our cluster locations by working closely with complementary service providers, particularly upstream foundries.”

Mr. Chang added: “With our leading position in the full value chain of IC manufacturing, we have been able to further differentiate ourselves from our competitors and to facilitate the acceleration of IC outsourcing. This, I believe, is the primary reason for our success, and will be the main driver of our future growth.”

“As impressive as our financial results are, what is more important is the improved quality of our operations,” commented Dr. Leonard Liu, president of ASE. “We have been strengthening our technological, processing and materials capabilities, increasing our production capacity, upgrading and expanding product/service offerings, and improving our operating efficiencies across all sites including the acquired operations. Such efforts all lead to very positive results such as balancing revenue mix across computing, communication and consumer electronics, enhancing customer dependence on our leading technologies, and deepening customer penetration. Going forward, ASE will continue to strengthen its capabilities and service quality to become the true partner of choice to our customers.”

“In Q3, we also completed the listing of our ADR on NYSE. This is an extremely critical initiative of ours. Through which not only we gain direct access to the most important capital market for funding and to raise our corporate profile. Even more importantly is that we set up a much more effective platform for investor communication, which we believe is critical for company’s long term value appreciation.”



Financial Results

Third-Quarter 2000 Results: Year-over-Year Comparison

- Net revenues increased 48% to NT\$13,904 million.
- Gross profit rose 53% to NT\$4,078 million.
- Operating income increased 80% to NT\$2,737 million.
- Net income rose 198% to NT\$1,623 million.
- Fully diluted earnings per share increased 181% to NT\$0.59, or US\$0.095 per ADS.

Net Revenues:

Consolidated net revenues totaled a quarterly record of NT\$13,904 million in the third quarter of 2000, up 48% from NT\$9,384 million in the same period of 1999. Assembly revenues increased 46% to NT\$10,459 million, and testing revenues increased 58% to NT\$3,440 million. The record quarterly revenues reflect increased sales activity at each of the Company's operating regions and increased volume output.

Gross Profit:

Gross profit increased 53% YoY to NT\$4,078 million. Gross margin also improved to 29.3% from 28.5% in the same period of 1999, reflecting a higher machine utilization rate and a higher revenue contribution from our testing operations, which generally maintain a higher gross margin than the assembly operation. Depreciation expense during the quarter totaled NT\$2,137 million, which represents a 46% increase from the same period last year. Depreciation expense as a percentage of net revenues remained flat, however, at 15.4% versus 15.7% in Q3 1999.

Operating Expenses / Income:

Operating expenses increased 17% YoY to NT\$1,340 million. Of the total, research and development ("R&D") spending increased 52% to NT\$317 million. As a percentage of net revenues, however, R&D expenses remained steady at approximately 2.3%. Selling, general and administrative expenses during the quarter increased 9% from the year-ago period to NT\$1,023 million. Total operating expenses as a percentage of sales, meanwhile, declined to 9.7% in Q3 2000 from 12.2% in Q3 1999. Goodwill amortization expenses relating to the acquisition of consolidated entities amounted to NT\$150 million in the latest quarter.

Operating income rose 80% YoY to NT\$2,737 million. Operating margin, meanwhile, improved to 19.7% in the latest quarter from 16.2% in the same period last year.

Non-operating Expenses:

Total non-operating expenses of NT\$372 million in Q3 2000 represent a 53% improvement versus the same period last year. The relatively high non-operating expenses for the third quarter 1999 is mainly due to a foreign exchange loss of NT\$619 million recorded in that quarter. As a percentage of net revenues, total non-operating expenses improved to 2.7% in Q3 2000 from 8.4% in Q3 1999.

Net interest expense declined 22% to NT\$357 million during the latest quarter from NT\$458 million in Q3 1999. The reduction in interest expense is due to interest revenues generated by the proceed of ASE Test's offering. Investment income for the quarter was NT\$54 million versus NT\$71 million for the same period last year, reflecting a lower earnings contribution from the Company's non-consolidated affiliates including USI and Hung Ching Construction. Goodwill amortization expenses for non-consolidated entities totaled NT\$92 million during the quarter.

Net income:

Income tax expense of NT\$319 million in Q3 2000 represents an effective tax rate of 13.5%. Minority interest expense totaled NT\$423 million in the quarter.



Reflecting the Company's stronger operating performance, net income in Q3 2000 rose sharply to a quarterly record NT\$1,623 million, a 198% year-over-year increase, or a 492% increase net of one-time capital gain recorded in the 3rd quarter 1999.

Fully diluted earnings per share rose to NT\$0.59 in Q3 2000 from NT\$0.21 (or NT\$0.10 net of capital gain) in Q3 1999. In addition, fully diluted earnings per ADS increased to US\$0.095 from US\$0.033 (or US\$0.016, net of capital gain) in the third quarter last year.

Shares Outstanding:

Retroactively adjusted for the company's 1999 stock dividend, A weighted average total of 2,653 million ASE common shares were used for calculation per share data for the 3rd quarter 2000, and 2,652 million Common shares for the same period 1999. Each ADS represents 5 common shares.

Capital Expenditures:

Capital spending for capacity expansion in Q3 2000 totaled US\$282 million, of which US\$136 million is related to assembly operations, US\$140 million is for testing operations and US\$6 million is for material manufacturing operation.

Third-Quarter 2000 Results: Sequential Comparison

- Net revenues increased 12% sequentially.
- Gross profit rose 6%.
- Operating income increased 10%.
- Net income rose 11%.

Net Revenues:

Net revenues in Q3 2000 grew 12% from the prior quarter. Assembly revenues increased 12% to NT\$10,459 million, and testing revenues increased 14% to NT\$3,440 million. Assembly unit output (in terms of pin counts) rose 12.1% to 63.4 billion pins.

Gross Profit:

Gross profit in Q3 2000 rose 6% on a sequential basis. Gross margin, meanwhile, fell 1.5% to 29.3% as a result of higher depreciation and labor charges after annual salary adjustment.

Operating Expenses / Income:

Operating expenses decreased 1.3% as a percentage of net revenue to 9.6% from 10.9% due to payment of director and supervisor compensation in last quarter. Operating income rose 10% sequentially, and operating margin remained stable at 19.7%.

Non-operating Expenses:

Non-operating expenses improved by 7% to NT\$372 million. The improvement is mainly due to the higher profit contribution from Universal Scientific Industrial Co., Ltd., our 23% owned electronics products manufacturing subsidiary. As a percentage of net revenues, non-operating expenses improved to 2.7% in Q3 2000 from 3.2% in the second quarter.

Net income:

Income before tax increased 14% sequentially to NT\$2,365 million. Minority interests rose to NT\$423 million, up 17% sequentially, reflecting reduced ownership in ASE Test Limited following its July 2000 secondary public offering. Net income grew 11% compared to the second quarter of this year. Fully diluted earnings per share increased from NT\$0.55 to NT\$0.59.

Year-to-September Comparison

- Net revenues rose 76% to NT\$37,501 million.
- Gross profit increased 106% to NT\$11,398 million.
- Operating profit increased 166% to NT\$7,469 million.
- Net income dropped 10%, but grew 401% when netting out the one-time capital

Advanced Semiconductor Engineering, Inc.



- gain realized during the first nine months of 1999.
- Fully diluted earnings per share rose 409% to NT\$1.68, or US\$0.272 per ADS, compared to same period last year, net of a one-time capital gain.

Net Revenues:

Net revenues in the first nine months of 2000 totaled NT\$37,501 million, an increase of 76% versus the same period last year. Assembly revenues grew 75% to NT\$28,184 million, and testing revenues increased 86% to NT\$9,230 billion.

Gross Profit:

Gross profit rose 106% to NT\$11,398 million in the first nine months from NT\$5,540 million in the same period of 1999. Gross margin also improved to 30.4% from 26.0%.

Operating Income:

Operating income also increased sharply during the period, rising 166% to NT\$7,469 million from NT\$2,803 million. Operating margin, meanwhile, increased to 20% from 13.2%.

Net Income:

Pretax income increased 314% to NT\$6,389 million in first nine months of 2000 from NT\$1,545 million in the same period of 1999 (excluding a one-time capital gain of NT\$4,156 million recognized in Q1 1999 from the TDR issuance).

Net income in the first nine months of 2000 increased 400% to NT\$4,543 million from NT\$907 million (excluding the one-time capital gain of NT\$4,156 million noted above) in the first nine months of 1999.

Fully diluted earnings per share in the first nine months of 2000 totaled NT\$1.68, or US\$0.272 per ADS, versus NT\$0.33 and US\$0.051 for the same period of 1999 (excluding one-time capital gains).

Capital Expenditures:

For the first 9 months of this year, total capital expenditures were US\$764 million, of which US\$335 million was for assembly operation, US\$382 million was for testing operation and US\$47 is for material operation.

About ASE Inc.

ASE Inc. is one of the world's largest independent providers of semiconductor packaging services and, together with its subsidiary ASE Test Limited (Nasdaq:ASTSF), one of the world's largest independent providers of semiconductor testing services, including front-end engineering testing, wafer probing and final testing services. The Company's international customer base of more than 200 blue-chip customers includes such leading names as Advanced Micro Devices, Inc., Altera Corporation, Cirrus Logic International Ltd., Conexant Systems, Inc., LSI Logic Corporation, and Qualcomm Incorporated. With advanced-process technological capabilities and a global presence spanning Taiwan, Korea, Hong Kong, Singapore, Malaysia and the United States, ASE Inc. has established a reputation for reliable, high quality products and services. For more information, visit the website, <http://www.aseglobal.com>

Supplemental Financial Information

Assembly Operations

Amounts in NT\$ Millions	3Q/00	3Q/99	2Q/00
Net Revenue	10,459	7,190	9,347
End Application by Revenue			
Communication	38%	36%	42%
Computer	27%	45%	30%
Automotive and Consumers	33%	17%	26%
Others	2%	2%	2%
Package Type by Revenue			
BGA	45%	35%	45%
QFP	32%	39%	32%
PDIP, PLCC, Sops	16%	21%	15%
Others	7%	5%	8%
Capacity			
CapEx (US\$ Millions)	136	59	116
Number of Wirebonders	3,968	2,529	3,636

Testing Operations

Amounts in NT\$ Millions	3Q/00	3Q/99	2Q/00
Net Revenue	3,440	2,183	3,013
End Application by Revenue			
Communication	28%	29%	27%
Computer	34%	31%	34%
Automotive and Consumers	32%	30%	30%
Others	6%	10%	9%
Testing Type by Revenue			
Logic and Mixed Signal	97%	97%	98%
Memory	3%	3%	2%
Capacity			
CapEx (US\$ Millions)	140	32	144
Number of Testers	972	659	871

Advanced Semiconductor Engineering, Inc.
Consolidated Summary Income Statements Data
(In NT\$ millions, except per share data)

	(Unaudited)			
	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	Sept. 30 2000	Sept. 30 1999	Sept. 30 2000	Sept. 30 1999
Net revenues:				
Assembly	10,459	7,190	28,184	16,133
Testing	3,440	2,183	9,230	4,955
Others	5	11	87	210
Total net revenues	<u>13,904</u>	<u>9,384</u>	<u>37,501</u>	<u>21,298</u>
Cost of revenues	<u>9,827</u>	<u>6,715</u>	<u>26,103</u>	<u>15,758</u>
Gross Profit	<u>4,078</u>	<u>2,670</u>	<u>11,398</u>	<u>5,540</u>
Operating expenses:				
Research and development	317	210	852	563
Selling, general and administrative	1,023	937	3,077	2,174
Total operating expenses	<u>1,340</u>	<u>1,146</u>	<u>3,929</u>	<u>2,737</u>
Operating income	<u>2,737</u>	<u>1,524</u>	<u>7,469</u>	<u>2,803</u>
Other (income) expenses:				
Interest expenses, net	357	458	1,175	824
Foreign currency loss, net	34	619	(150)	409
Loss (gain) on long-term investment	38	14	124	108
One-time capital gain	0	(271)	0	(4,156)
Loss (gain) on dispose of assets	34	0	39	4
Other non-operating expenses	(91)	(31)	(110)	(87)
Total non-operating expenses	<u>372</u>	<u>790</u>	<u>1,080</u>	<u>(2,898)</u>
Income before income tax	<u>2,365</u>	<u>734</u>	<u>6,389</u>	<u>5,701</u>
Income tax expense (credit)	<u>319</u>	<u>29</u>	<u>818</u>	<u>193</u>
Net income before minority interest	<u>2,046</u>	<u>704</u>	<u>5,571</u>	<u>5,508</u>
Minority interest	423	159	1,027	445
Net income	1,623	545	4,543	5,062
Net income – net of one-time capital gain	1,623	274	4,543	907
Per share data:				
EPS – Basic	NT\$0.61	NT\$0.21	NT\$1.71	NT\$1.91
EPS – Fully Diluted	NT\$0.59	NT\$0.21	NT\$1.68	NT\$1.90
EPS (net of one-time capital gain) - Fully Diluted	NT\$0.59	NT\$0.10	NT\$1.68	NT\$0.33
Earnings per ADS – Basic	US\$0.098	US\$0.033	US\$0.277	US\$0.294
Earnings per ADS – Fully Diluted	US\$0.095	US\$0.033	US\$0.272	US\$0.293
Earnings per ADS, net of capital gain - Fully diluted	US\$0.095	US\$0.016	US\$0.272	US\$0.051
Number of weighted average shares used in the EPS calculation (in thousands, retroactively adjusted for stock dividend)	2,652,622	2,651,524	2,652,622	2,651,524
Forex (NT\$ per US\$1)	31.07	32.03	30.83	32.45

Advanced Semiconductor Engineering, Inc.

Consolidated Summary Balance Sheet Data

(In NT\$ millions)

(Unaudited)

	<u>As of June 30, 2000</u>	<u>As of September 30, 2000</u>
Current assets:		
Cash and cash equivalents	6,239.9	14,371.1
Short-term investments	3,001.6	2,141.4
Notes and accounts receivable	8,712.0	10,040.6
Inventories	2,710.9	2,897.5
Others	2,317.7	1,821.1
Total	<u>22,982.1</u>	<u>31,271.7</u>
Long-term investments	11,034.0	11,257.6
Properties - net	48,904.4	55,829.0
Other assets	6,347.9	6,852.7
Total assets	<u>89,004.0</u>	<u>105,211.0</u>
Current liabilities:		
Short-term debts	13,782.4	15,057.3
Notes and accounts payable	4,592.3	4,967.0
Others	6,347.9	7,985.2
Total	<u>24,722.6</u>	<u>28,009.5</u>
Long-term debts	24,978.1	22,848.9
Other liabilities	513.7	1,321.3
Total liabilities	<u>50,214.4</u>	<u>52,179.7</u>
Minority interest	5,984.2	11,175.0
Shareholders' equity	32,805.4	41,856.3
Total liabilities & shareholders' equity	<u>89,004.0</u>	<u>105,211.0</u>