

Advanced Semiconductor Engineering, Inc. (ASE) Dividend Distribution

Advanced Semiconductor Engineering, Inc. (ASE) announced the Company has approved the distribution of common share dividends, in a stock dividend of 57.4 shares for each 1,000 common shares.

The US record date for ASE American Depositary Shares (ADSs) is set at August 27, 2004 and the ADSs ex-dividend date is set at August 25, 2004. The US Payment date will be established once the local Taiwan Payment date is announced.

Under current Taiwan regulations, all common shares are "registered capital". No Taiwanese company can issue new shares for stock dividends until a specific date is set for "holder of record" first, and then the application for issuing new shares can follow. The process involves the Company to submit the application and the approval from the Taiwan Securities Futures Commissions which normally takes approximately 1 month.

Given the flow process above, the tentative ASE payment date will be approximately October 2004. Once the local Taiwan Payment date is established, the US Payment date will be set 5 business days after the local date.

All questions regarding the upcoming ADSs dividend may be directed to Citibank Shareholder Services at 1-877-CITI-ADR-248-4237.

Following is a section for the 2003 dividend FAQs:-

- (1) What do you need to do in order to participate in ASE's stock and cash dividend?

You need to own shares through the day before the ex-dividend date, i.e. be on the shareholders' register as of the record date, to be entitled to the stock to be distributed this year.

- (2) Will fractional shares or fractional ADSs be issued in connection with the dividend? Will cash payments be made in lieu of any fractional share or fractional Ads interests?

The fractional shares entitlement will be disregarded and no cash in lieu payment will be made for the fractions.

- (3) What is the tax treatment on ASE's ADS stock dividend?

Dividends declared out of retained earnings are subject to a 20% withholding tax for non-residence shareholders payable to Taiwan tax authorities. Dividends declared out of capital reserves are not subject to this withholding tax.

Since the 2003 ADS stock dividends are declared out of retained earnings, they are therefore subject to a 20% non-residence withholding tax on the par value (NT\$10 per common share) of the stock dividend issued.

- (4) Is the ADR stock dividend taxable in US?

The stock dividend is 100% taxable in the local market (Taiwan), and At Source Withholding will apply to the stock distribution. The payment is not subject to US taxation. However, U.S. holders may be able to claim a tax credit for the At Source Withholding paid in Taiwan.

Please consult your tax advisor regarding taxation pursuant to applicable provisions of the US Internal Revenue Code.

(5) How is the 20% withholding tax calculated on 2003 ADR stock dividend?

Since 2003 ADS stock dividend is expected to be declared from retained earnings, it will be subject to 20% non-residence withholding tax based on par value (NT\$10) of the stock dividend issued.

FORMULA TO CALCULATE 20% WITHHOLDING TAX:

ADR awarded x 5 (5 ords: 1 ADR ratio) x NT\$10 (par value) x 20%