

ADVANCED SEMICONDUCTOR ENGINEERING INC
Form 20-F
June 30, 2008

As filed with the Securities and Exchange Commission on June 30, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number: 001-16125

(Exact Name of Registrant as Specified in Its Charter)

Advanced Semiconductor Engineering, Inc.
(Translation of Registrant's Name into English)

REPUBLIC OF CHINA
(Jurisdiction of Incorporation or Organization)

26 Chin Third Road
Nantze Export Processing Zone
Nantze, Kaohsiung, Taiwan
Republic of China
(Address of Principal Executive Offices)

Joseph Tung
Room 1901, No. 333, Section 1 Keelung Rd.
Taipei, Taiwan, 110
Republic of China
Tel: 886-2-8780-5489
Fax: 882-2-2757-6121
Email: ir@aseglobal.com

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 20-F

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, par value NT\$10.00 each	The New York Stock Exchange*

*Traded in the form of American Depositary Receipts evidencing American Depositary Shares, each representing five Common Shares
(Title of Class)

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

5,447,558,879 Common Shares, par value NT\$10 each**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

** As a result of the exercise of employee stock options and the conversion of our convertible bonds due September 2008 subsequent to December 31, 2007, as of May 30, 2008, we had 5,476,949,209 shares outstanding.

TABLE OF CONTENTS

Page	
<u>USE OF CERTAIN TERMS</u>	1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	1
<u>PART I</u>	2
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	2
<u>Item 2. Offer Statistics and Expected Timetable</u>	2
<u>Item 3. Key Information</u>	2
<u>SELECTED FINANCIAL DATA</u>	2
<u>CAPITALIZATION AND INDEBTEDNESS</u>	6
<u>REASON FOR THE OFFER AND USE OF PROCEEDS</u>	6
<u>RISK FACTORS</u>	6
<u>Item 4. Information on the Company</u>	19
<u>HISTORY AND DEVELOPMENT OF THE COMPANY</u>	19
<u>BUSINESS OVERVIEW</u>	20
<u>ORGANIZATIONAL STRUCTURE</u>	39
<u>PROPERTY, PLANTS AND EQUIPMENT</u>	43
<u>Item 4A. Unresolved Staff Comments</u>	44
<u>Item 5. Operating and Financial Review and Prospects</u>	44
<u>OPERATING RESULTS AND TREND INFORMATION</u>	44
<u>LIQUIDITY AND CAPITAL RESOURCES</u>	57
<u>RESEARCH AND DEVELOPMENT</u>	61
<u>OFF-BALANCE SHEET ARRANGEMENTS</u>	61
<u>TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS</u>	62
<u>Item 6. Directors, Senior Management and Employees</u>	63
<u>DIRECTORS AND SENIOR MANAGEMENT AND BOARD PRACTICES</u>	63
<u>COMPENSATION</u>	66
<u>EMPLOYEES</u>	67
<u>SHARE OWNERSHIP</u>	68
<u>Item 7. Major Shareholders and Related Party Transactions</u>	69
<u>MAJOR SHAREHOLDERS</u>	69
<u>RELATED PARTY TRANSACTIONS</u>	70
<u>INTERESTS OF EXPERTS AND COUNSEL</u>	71
<u>Item 8. Financial Information</u>	71
<u>CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION</u>	71
<u>LEGAL PROCEEDINGS</u>	71
<u>DIVIDENDS AND DIVIDEND POLICY</u>	72
<u>SIGNIFICANT CHANGES</u>	73
<u>Item 9. The Offer and Listing</u>	73
<u>OFFER AND LISTING DETAILS</u>	73
<u>PLAN OF DISTRIBUTION</u>	75
<u>MARKETS</u>	75
<u>SELLING SHAREHOLDERS</u>	75
<u>DILUTION</u>	75
<u>EXPENSES OF THE ISSUE</u>	75
<u>Item 10. Additional Information</u>	75

<u>SHARE CAPITAL</u>	75
<u>ARTICLES OF INCORPORATION</u>	75
<u>MATERIAL CONTRACTS</u>	81
<u>EXCHANGE CONTROLS</u>	82
<u>TAXATION</u>	83
<u>DIVIDENDS AND PAYING AGENTS</u>	86
<u>STATEMENT BY EXPERTS</u>	86
<u>DOCUMENTS ON DISPLAY</u>	86
<u>SUBSIDIARY INFORMATION</u>	86
<u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u>	87

<u>Item 12. Description of Securities Other Than Equity Securities</u>	89
<u>PART II</u>	89
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	89
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	89
<u>Item 15. Controls and Procedures</u>	89
<u>Item 16. [Reserved]</u>	91
<u>Item 16A. Audit Committee Financial Expert</u>	91
<u>Item 16B. Code of Ethics</u>	91
<u>Item 16C. Principal Accountant Fees and Services</u>	91
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees.</u>	92
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.</u>	92
<u>PART III</u>	92
<u>Item 17. Financial Statements</u>	92
<u>Item 18. Financial Statements</u>	92
<u>Item 19. Exhibits</u>	93

Table of Contents

USE OF CERTAIN TERMS

All references herein to (i) the “Company”, “ASE Group”, “ASE Inc.”, “we”, “us”, or “our” are to Advanced Semiconductor Engineering, Inc. and, unless the context requires otherwise, its subsidiaries, (ii) “ASE Test” are to ASE Test Limited and its subsidiaries, (iii) “ASE Test Taiwan” are to ASE Test, Inc., a company incorporated under the laws of the ROC, (iv) “ASE Test Malaysia” are to ASE Electronics (M) Sdn. Bhd., a company incorporated under the laws of Malaysia, (v) “ISE Labs” are to ISE Labs, Inc., a corporation incorporated under the laws of the State of California, (vi) “Universal Scientific” are to Universal Scientific Industrial Co., Ltd., a company incorporated under the laws of the ROC, (vii) “ASE Material” are to ASE Material Inc., a company previously incorporated under the laws of the ROC that merged into ASE Inc. on August 1, 2004, (viii) “ASE Korea” are to ASE (Korea) Inc., a company incorporated under the laws of the Republic of Korea, (ix) “ASE Chung Li” are to ASE (Chung Li) Inc., a company previously incorporated under the laws of the ROC that merged into ASE Inc. on August 1, 2004, (x) “ASE Shanghai” are to ASE (Shanghai) Inc., a company incorporated under the laws of the PRC, (xi) “Hung Ching” are to Hung Ching Development & Construction Co. Ltd., a company incorporated under the laws of the ROC, (xii) “ASE Electronics” are to ASE Electronics Inc., a company incorporated under the laws of the ROC, (xiii) “Power ASE” are to Power ASE Technology, Inc., a company incorporated under the laws of the ROC, (xiv) “ASESH AT” are to ASE Assembly & Test (Shanghai) Limited, formerly known as Global Advanced Packaging Technology Limited, a company incorporated under the laws of the PRC, (xv) “GAPT” are to Global Advanced Packaging Technology Limited, now known as ASE Assembly & Test (Shanghai) Limited, a company incorporated under the laws of the PRC, (xvi) “ASE Japan” are to ASE Japan Co. Ltd., a company incorporated under the laws of Japan, (xvii) “ASEN” are to Suzhou ASEN Semiconductors Co., Ltd., a company incorporated under the laws of the PRC, (xviii) the “Securities Act” are to the U.S. Securities Act of 1933, as amended, and (xvix) the “Exchange Act” are to the U.S. Securities Exchange Act of 1934, as amended.

All references to the “Republic of China”, the “ROC” and “Taiwan” are to the Republic of China, including Taiwan and certain other possessions. All references to “Korea” or “South Korea” are to the Republic of Korea. All references to the “PRC” are to the People’s Republic of China and exclude Taiwan, Macau and Hong Kong.

We publish our financial statements in New Taiwan dollars, the lawful currency of the ROC. In this annual report, references to “United States dollars”, “U.S. dollars” and “US\$” are to the currency of the United States; references to “New Taiwan dollars”, “NT dollars” and “NT\$” are to the currency of the ROC; references to “RMB” are to the currency of the PRC; references to “JP¥” are to the currency of Japan; references to “EUR” are to the currency of the European Union; and references to “KRW” are to the currency of the Republic of Korea. Unless otherwise noted, all translations from NT dollars to U.S. dollars were made at the noon buying rate in The City of New York for cable transfers in NT dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2007, which was NT\$32.43=US\$1.00. All amounts translated into U.S. dollars in this annual report are provided solely for your convenience and no representation is made that the NT dollar or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or NT dollars, as the case may be, at any particular rate or at all. On May 30, 2008, the noon buying rate was NT\$30.37=US\$1.00.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including statements regarding our future results of operations and business prospects. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report. We were not involved in the preparation of these projections. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan” and similar expressions

as they relate to us, are intended to identify these forward-looking statements in this annual report. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including risks associated with cyclical and market conditions in the semiconductor industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; international business activities; our business strategy; our future expansion plans and capital expenditures; the strained relationship between the ROC and the PRC; general economic and political conditions; possible disruptions in commercial activities caused by natural or human-induced disasters; fluctuations in foreign currency exchange rates; and other factors. For a discussion of these risks and other factors, see “Item 3. Key Information—Risk Factors.”

Table of Contents

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The selected consolidated statement of operations data and cash flow data for the years ended December 31, 2005, 2006 and 2007, and the selected consolidated balance sheet data as of December 31, 2006 and 2007, set forth below are derived from our audited consolidated financial statements included in this annual report and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements. The selected consolidated statement of operations data and cash flow data for the years ended December 31, 2003 and 2004 and the selected consolidated balance sheet data as of December 31, 2003, 2004 and 2005 set forth below are derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements have been prepared and presented in accordance with accounting principles generally accepted in the ROC, or ROC GAAP, which differ in some material respects from accounting principles generally accepted in the United States of America, or U.S. GAAP. See note 31 to our consolidated financial statements for a description of the significant differences between ROC GAAP and U.S. GAAP for the periods covered by these consolidated financial statements.

As of and for the Year Ended December 31,
 2003 2004 2005 2006 2007
 NT\$ NT\$ NT\$ NT\$ NT\$ US\$
 (in millions, except earnings per share and per ADS data)

ROC GAAP:

Statement of Operations Data:

Net revenues	55,728.4	75,237.7	84,035.8	100,423.6	101,163.1	3,119.4
Cost of revenues	(45,118.0)	(59,641.1)	(69,518.0)	(71,643.3)	(72,074.7)	(2,222.5)
Gross profit	10,610.4	15,596.6	14,517.8	28,780.3	29,088.4	896.9
Operating expenses:						