ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2010 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

ASMPT Surged To Unprecedented New Heights

First Half of 2010

- ***Record group turnover of US$537 million for the first six months of 2010, increasing 195.7% and 25.4% over the first and second half of last year, respectively***
- ***Record profit of HK$1,148 million and earnings per share of HK$2.91 for the first six months of 2010, increasing 1,433.1% and 33.4% over the first and second half of last year, respectively***
- ***Record equipment turnover of US$441 million, representing a strong rebound of 242.8% over the first half of 2009 and a sequential increase of 29.4% over the preceding six months***
- ***Record lead frame turnover of US$96 million, a strong rebound of 81.6% over the first half of 2009 and a sequential increase of 9.7% over the preceding six months***
- ***Record new order bookings of US$908 million, a strong surge of 75.3% from the preceding six months***

2nd Quarter 2010

- ***Record group turnover of US$307 million, a strong rebound of 145.1% over same period last year and a sequential increase of 33.9% over the preceding quarter***
- ***Record profit of HK$682 million and earnings per share of HK$1.73, a surge of 327.0% over same period last year and an increase of 46.2% over the preceding quarter***
- ***Record equipment turnover of US$256 million, representing a strong rebound of 183.8% over Q2 2009 and a sequential increase of 39.1% over the preceding three months***
- ***Record lead frame turnover of US$51 million, a strong rebound of 45.6% over Q2 2009 and a sequential increase of 12.8% over the preceding three months***
- ***Record new order bookings of US$524 million, a strong surge of 36.4% from the preceding three months***
- ***Retained the world's No. 1 position in the assembly and packaging equipment industry held since 2002***
- ***With zero debt and cash on hand of HK$1,421 million at the end of June 2010***

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2010:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") reported a turnover of HK$4,167 million for the six months ended 30 June 2010, representing an increase of 195.7% as compared with HK$1,409 million for the same period last year and a 25.4% increase when compared with the turnover of HK$3,323 million for the preceding six-month period. The Group's consolidated profit after taxation for the six months is HK$1,148 million, which is 1,433.1% higher than the corresponding period in 2009 and 33.4% higher than the preceding six-month period. Basic earnings per share (EPS) for the half-year period amounted to HK$2.91 (first half of 2009: HK$0.19, second half of 2009: HK$2.19).

DIVIDEND

In view of the Company's continuing strong liquidity and rising equity base, the Board of Directors has resolved to pay an interim dividend of HK$1.60 (2009: interim dividend of HK$0.20 and a special dividend of HK$0.40) per share. Despite giving out high dividends and continual expansion of our production capacity in the past few years, the Company continues to generate strong positive cash flow. This allows ASM to continue to adopt the prudent policy, as stated in the past several financial result announcements, of returning current excessive cash holdings to our shareholders while continuing to operate the Group with the optimal shareholders' fund. This year's dividend payout takes into consideration the need to expand our production capacity to capture the current market opportunities and to satisfy customers' demand for our products, and to cater for the financial commitments to support our proposed acquisition.

The Register of Members will be closed from 17 August 2010 to 20 August 2010, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, not later than 4:00 p.m. on 16 August 2010. The interim dividend will be paid on or about 27 August 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2010** **(Unaudited)** **HK$'000**	2009 (Unaudited) HK$'000
Turnover	2	**4,167,155**	1,409,140
Cost of sales		**(2,251,841)**	(953,567)
Gross profit		**1,915,314**	455,573
Other income		**14,390**	3,714
Selling and distribution expenses		**(283,969)**	(152,522)
General and administrative expenses		**(128,791)**	(71,918)
Research and development expenses		**(203,586)**	(134,239)
Other gains and losses		**15,663**	(7,580)
Finance costs		**(1)**	-
Profit before taxation		**1,329,020**	93,028
Income tax expense	4	**(180,655)**	(18,124)
Profit for the period		**1,148,365**	74,904
Exchange differences on translation of foreign operations, representing other comprehensive income (expense) for the period		**15,923**	(2,125)
Total comprehensive income for the period		**1,164,288**	72,779
Earnings per share	6		
- Basic		**HK$2.91**	HK$0.19
- Diluted		**HK$2.91**	HK$0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2010 (Unaudited) HK$'000**	At 31 December 2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**1,032,509**	890,456
Prepaid lease payments		**28,318**	7,901
Deposit paid for acquisition of property, plant and equipment		**83,874**	19,339
Deferred tax assets		**20,107**	21,057
		1,164,808	938,753
Current assets			
Inventories		**1,168,314**	1,003,945
Trade and other receivables	7	**2,153,133**	1,572,752
Prepaid lease payments		**938**	494
Bank balances and cash		**1,420,892**	1,253,872
		4,743,277	3,831,063
Current liabilities			
Trade and other payables	8	**1,606,353**	1,167,831
Taxation		**308,622**	191,354
		1,914,975	1,359,185
Net current assets		**2,828,302**	2,471,878
		3,993,110	3,410,631
Capital and reserves			
Share capital		**39,439**	39,439
Dividend reserve		**631,027**	631,027
Other reserves		**3,322,087**	2,739,610
Equity attributable to owners of the Company		**3,992,553**	3,410,076
Non-current liabilities			
Deferred tax liabilities		**557**	555
		3,993,110	3,410,631

Notes:

1. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied for the first time some revised standards and amendments and interpretations ("HK(IFRIC) - INT") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2010. The adoption of the new HKFRSs has no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

2. Segment Information

The Group has two reportable segments: sales of equipment and lead frame. They represent two major types of products manufactured by the Group. Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, unallocated other income and general and administrative expenses.

An analysis of the Group’s turnover and results by reportable segment is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Segment revenue and results		
Segment revenue from external customers		
Equipment	**3,420,037**	997,625
Lead frame	**747,118**	411,515
	4,167,155	1,409,140
Segment profit		
Equipment	**1,284,077**	72,013
Lead frame	**64,104**	40,280
	1,348,181	112,293
Interest income	**2,197**	2,259
Finance costs	**(1)**	-
Unallocated other income	**26**	734
Unallocated general and administrative expenses	**(21,383)**	(22,258)
Profit before taxation	**1,329,020**	93,028

2. Segment Information (continued)

Geographical information by location of market

	Turnover	
	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China	**1,456,396**	534,644
Taiwan	**691,396**	230,095
Malaysia	**616,757**	159,089
Korea	**584,327**	205,187
Thailand	**187,132**	54,728
Philippines	**182,586**	56,603
Hong Kong	**133,961**	57,843
Japan	**124,159**	20,736
United States of America	**91,523**	48,546
Singapore	**63,861**	17,775
Europe	**20,075**	17,775
Indonesia	**9,041**	4,783
Others	**5,941**	1,336
	4,167,155	1,409,140

3. Depreciation

During the period, depreciation of HK$109.1 million (HK$115.4 million for the six months ended 30 June 2009) was charged to profit or loss in respect of the Group's property, plant and equipment.

4. Income Tax Expense

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**138,295**	19,637
Other jurisdictions	**41,405**	1,116
	179,700	20,753
Deferred taxation:		
Current period	**955**	(2,629)
	180,655	18,124

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Income Tax Expense (continued)

The Group's profit arising from the manufacture of semiconductor equipment and materials in Singapore is non-taxable under a tax incentive covering certain new products under the Manufacturing Headquarters status granted by the Singapore tax authority. The tax exemption applies to profits arising for a period of 10 years from 1 January 2001, subject to the fulfillment of certain criteria during the period.

The deferred taxation charge (credit) is mainly related to the tax effect of temporary differences attributable to the difference of depreciation allowances for tax purposes and depreciation charged in the condensed consolidated financial statements.

The Company continued to receive letters from the Hong Kong Inland Revenue Department during the period ended 30 June 2010 seeking information relating to Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to additional tax being charged on profits from some overseas subsidiaries that have not previously been included in the scope of charge for Hong Kong Profits Tax. As at 30 June 2010, the Group purchased tax reserve certificates amounting to HK$137.9 million as disclosed in note 7.

Based on legal and other professional advice that the Company has sought, the directors continue to be of the opinion that the Company and its subsidiaries have a case to pursue. The directors also consider that sufficient provision for taxation has been made in the condensed consolidated financial statements and the amounts paid under the tax reserve certificates are fully recoverable.

5. Dividends

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividend recognised as distribution during the period		
Final dividend for 2009 paid of HK$1.20 (2009: final dividend for 2008 paid of HK$0.50) per share on 394,392,100 (2009: 392,356,700) shares	**473,270**	196,178
Second special dividend for 2009 of HK$0.40 per share on 394,392,100 shares (2009: nil)	**157,757**	-
	631,027	196,178
Dividend declared after the end of the interim reporting period		
Interim dividend for 2010 of HK$1.60 (2009: HK$0.20) per share on 394,392,100 (2009: 392,356,700) shares	**631,027**	78,471
First special dividend for 2009 of HK$0.40 per share on 392,356,700 shares (2010: nil)	**-**	156,943
	631,027	235,414

The dividend declared after 30 June 2010 will be paid to the shareholders of the Company whose names appear on the Register of Members on 20 August 2010.

6. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**1,148,365**	74,904
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**394,392**	392,357
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**510**	933
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**394,902**	393,290

7. Trade and other receivables

	At 30 June 2010	At 31 December 2009
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**1,856,855**	1,357,057
Amount due from ASM International N.V. - trade (*Note*)	**28**	32
VAT receivables	**93,705**	67,067
Other receivables, deposits and prepayments	**64,616**	47,596
Tax reserve certificate recoverable	**137,929**	101,000
	2,153,133	1,572,752

An aging analysis of trade receivables at the reporting date is as follows:

Not yet due	**1,331,484**	978,543
Overdue within 30 days	**309,362**	202,379
Overdue within 31 to 60 days	**127,487**	107,160
Overdue within 61 to 90 days	**47,940**	31,052
Overdue over 90 days	**40,582**	37,923
	1,856,855	1,357,057

7. Trade and other receivables (continued)

Note: Amount due from ASM International N.V. ("ASM International") is not yet due, unsecured, non-interest bearing and repayable according to normal trade terms. ASM International is the Company's ultimate holding company. It is incorporated in the Netherlands.

Credit policy: Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms are extended to 3 to 4 months. Each customer has a pre-set maximum credit limit.

8. Trade and other payables

	At 30 June 2010 (Unaudited) HK$'000	At 31 December 2009 (Audited) HK$'000
Trade payables	**878,230**	737,116
Amounts due to subsidiaries of ASM International - trade (*Note*)	**583**	277
Deposits received from customers	**339,810**	136,835
Other payables and accrued charges	**387,730**	293,603
	1,606,353	1,167,831

An aging analysis of trade payables at the reporting date is as follows:

	At 30 June 2010 (Unaudited) HK$'000	At 31 December 2009 (Audited) HK$'000
Not yet due	**218,479**	497,834
Overdue within 30 days	**270,355**	189,557
Overdue within 31 to 60 days	**254,282**	39,075
Overdue within 61 to 90 days	**122,978**	4,284
Overdue over 90 days	**12,136**	6,366
	878,230	737,116

Note: Amounts due to subsidiaries of ASM International are not yet due, unsecured, non-interest bearing and repayable according to normal trade terms.

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

REVIEW

The strong market momentum has once again propelled us to new quarterly as well as half-yearly records. Indeed we have been setting new quarterly records in all areas – bookings, billings and net profit – for three consecutive quarters. Our results for the second quarter this year are not only at new records but are at unprecedented levels well above the pre-crisis peaks.

New order bookings in the second quarter of 2010 amounted to US$524 million, a sequential increase of 36.4% over the first quarter of 2010. This level of order inflows is 151.4% above the previous quarterly record which we attained in the last quarter of 2007. During the first six months of 2010, new order bookings amounted to US$908 million, surpassing all full year records which we had attained in the past.

Group turnover was at US$307 million in the second quarter of 2010, representing an increase of 33.9% over the preceding quarter and an increase of 145.1% over same period last year. It surpassed the pre-crisis peak by 48.3%. During the first six months of 2010, Group turnover were US$537 million, increasing 195.7% and 25.4% as compared to the first and second six-month periods in 2009 respectively.

Net profit for the second quarter of 2010 was HK$682 million, an increase of 46.2% over the preceding quarter and a surge of 327.0% over same period last year. During the first six months of 2010, net profit were HK$1,148 million, increasing 1,433.1% and 33.4% as compared to the first and second six-month periods in 2009 respectively. It is only 9.5% below the record full year net profit which we had attained in 2007.

Indeed, all our major product segments show noticeable improvements. In particular, it appears that our equipment billings are at a new quarterly record level not just for the Group, but for any semiconductor assembly and packaging equipment company during the past 10 years, if not for the entire history of the semiconductor assembly and packaging equipment industry. This is certainly a notable milestone and achievement for us.

The excellent results owed much to the strong market demand and the backlog accumulated at the end of the first quarter. The record performance that we have achieved during the past six months reflected further gains in market share and demonstrated our capability to react quickly to new and emerging market opportunities. Return on capital employed and on sales was 33.3% and 31.8% respectively for the six-month period.

During the past six months, our book to bill ratio, representing net bookings over billings, was 1.69. Due to a dramatic increase in bookings in the second quarter, our ending order backlog as of 30 June 2010 was in excess of US$580 million (US$211 million as of 31 December 2009 and US$365 million as of 31 March 2010). Our book to bill ratio for the second quarter was 1.71, mainly as a result of our strong order inflows during the second quarter.

REVIEW (continued)

Despite some warnings from analysts of a potential slowdown, there is no clear sign as yet of a weakening market. On the contrary, the semiconductor assembly and packaging equipment market continues to be driven strongly by robust demand in China, and demand for light-emitting diode (LED) devices, automotive products, hand-held gadgets including tablet PCs, and IT investments by private sector companies. In terms of product distribution, the LED market is increasingly becoming a substantial revenue-generator for our business. We are confident that its already sizeable contribution will remain on an upward trend for the near future and will contribute even more to our top and bottom lines in time to come.

ASM's diversification of its product and application markets, which is reinforced by its efficient cost structure and ongoing successful introduction of technologically-advanced new products, underpins its success. During the first half of 2010, sales attributable to our five largest customers combined were 18.7% of the total, with no customer exceeding 10%, demonstrating the continuing success of our aggressively diversified market strategy.

Territorially, Mainland China, Taiwan, Malaysia and South Korea continue to be our major markets. They are part of the diverse geographical spread of our business which mirrors the investment trends in the industry. Mainland China remains our largest market, maintaining its share at 34.9%. It is followed by Taiwan (16.6%), Malaysia (14.8%) and South Korea (14.0%). Our diversified product portfolio also continues to be one of our strengths. The Group's excellent financial performance in recent years provides clear evidence of the growing acceptance of our products by a larger pool of customers. 80% of the Group's turnover in the six-month period came from 82 customers.

During the first six months of 2010, equipment revenues were US$441 million, equivalent to 82.1% of the Group's turnover, increasing 242.8% and 29.4% as compared to the first and second six-month periods in 2009 respectively. Equipment revenue was at US$256 million in the second quarter of 2010, representing an increase of 39.1% over the preceding quarter and an increase of 183.8% over same period last year. Our quarterly equipment revenue surpassed the pre-crisis peak by 55.2%.

With improved market demand and gain in market share, our lead frame business achieved revenues of US$96 million, representing 17.9% of the Group's turnover during the first half of 2010, which are increases of 81.6% and 9.7% over the first and second half of 2009 respectively. Our lead frame business achieved a turnover of US$51 million in the second quarter of 2010, representing an increase of 12.8% over the preceding quarter and an increase of 45.6% as compared to the same period last year. Our quarterly lead frame revenue surpassed the pre-crisis peak by 21.1%.

Our gross margins have further improved in the second quarter resulting from increasing sales level, even when costs have generally gone up in view of the increased production activities and the much higher level of out-sourcing to meet demand.

Our vertical integration model of manufacturing has proven very successful for us. However, in light of the surge in sales turnover and the high level of output that is required to support such sales, we have progressively outsourced some of our manufacturing activities in the past few months. We are now seeing our appointed subcontractors contributing positively and meaningfully to our output, and this has led to a clear improvement in output levels of our equipment business.

REVIEW (continued)

With more pipeline materials to address customer orders, our ending inventory as of 30 June 2010 increased to HK$1,168 million (HK$1,004 million as of 31 December 2009), a moderate increase of 16.4%. Due to our aggressive management of working capital, annualized inventory turn was 7.67 times (First half of 2009: 3.19 times).

Days sales-outstanding decreased to 80.7 days from 104.7 days in 2009. This is a reflection of the surge in billings in the second quarter. Our sound working capital management has resulted in a free cash flow of HK$612.7 million and a return on invested capital of 49.3% during the past six months.

Capital expenditure ("capex") in the first six months amounted to HK$259 million which was partially funded by the depreciation of HK$109 million for the same period. Our capex is expected to increase sharply in the second half as many production machines which we have ordered will be installed in our three manufacturing plants in China to further boost our production capacity for both equipment and lead frames. Our capex budget for this year has been revised upwards by 60% to HK$800 million.

After paying last year's final and second special dividends totaling HK$631 million in April and funding capital investments in the first half of 2010, cash on hand as of 30 June 2010 was HK$1,421 million, which was HK$167 million higher than six months ago. Our current ratio stands at 2.48, with zero long-term debt or bank borrowing, and a debt-equity ratio of only 48.0%. With our on-going positive cash flow from organic growth operations, these figures permit ASM's management to recommend returning the excessive cash holdings to our shareholders in the form of dividends after taking into considerations the higher capex budget this year to expand our production capacity and the financial commitment to support our proposed acquisition.

PROSPECTS

The good times for the semiconductor industry are at hand. There is little doubt that the Asian economy is in the midst of robust economic growth. Industry forecasts for the annual growth of the semiconductor market are generally upbeat, with some market researchers predicting semiconductor revenue to grow by up to 27% in 2010 as compared to 2009, and for the semiconductor equipment market to improve by up to an incredible 104% over last year.

Whilst there might be some concern in the semiconductor assembly equipment industry that the nature of capital expenditure for the first half of the year is front-loaded, we note that many semiconductor companies, especially subcontractors, are still revising their capital expenditure upwards. The recent demand growth spurt has probably encouraged companies to plan increased capital spending for semiconductor equipment for the immediate future. For instance, amid soaring demand from televisions, portable computers and other monitors, the LEDs used for backlighting in such displays are suffering a tight supply situation that will likely last for some time. The fact that many semiconductor companies have started construction of new wafer fabs is another indication of the solid fundamentals underlying the strength of the semiconductor assembly and packaging equipment industry.

PROSPECTS (continued)

The seemingly record capital investments by many companies will substantially increase their capital spending this year as compared to last year. A possible downside is that the sudden increase in capacity may produce a glut that is not finally matched by end-consumer demand. However, upon further analysis of our spectacular results, the bookings we have achieved for the past eight quarters are on average only slightly above the peak quarterly bookings before the financial crisis. That is a positive sign that the market is not yet overheated. Even if a dip occurs, we can be confident that the market will not collapse. With the greater prevalence of high-tech consumer electronic products and their growing popularity, the market will likely settle at a reasonable level which is still higher than the average levels which were the norm before the recession.

Our backlog, which currently exceeds US$580 million, is at a very high level. It is noted that over the past 12 months, our bookings had already exceeded US$1.4 billion. This very high level of backlog will provide sufficient support for our billings for at least the next two quarters, irrespective of the state of the market as we approach the end of the year.

In order to meet the robust demand, we continue to try to increase our internal production capacity in addition to outsourcing some of our manufacturing activities. We are increasing the production capacity of our factory in Fuyong, China by 30% for our Back-end Products (“BEP”) and stamped lead frames. New machines will start to be installed in our new factory in Huizhou, China during the later part of the third quarter, and the new factory is expected to start contributing to our manufacturing capacity by the fourth quarter.

The growing complexity of semiconductor devices require advanced solutions for improving performance, productivity and cost-efficiency. ASM’s multiple-application and multiple-product strategies continue to serve us well, allowing the Group to grow from strength to strength by presenting total solutions to its customers and pushing the technology envelope. We have again proven our versatility to emerge stronger from the downturn.

Our existing core businesses focusing on both equipment and lead frames for the assembly and packaging of semiconductor devices and LEDs are performing very well. It is almost certain that our group revenue for the twelve-month period up to the end of the third quarter this year will exceed the US$1 billion mark for the first time in our history over any 12-month period. The tremendous level of bookings that we have received in the past twelve months is a testimonial to the good acceptance of our products by a wide spectrum of customers. There are still many new products in our pipeline to be launched to the market to satisfy the diverse needs of customers. They will serve as drivers for our continuous revenue expansion and to lift the Company to new record performances.

PROPOSED ACQUISITION

After pursuing our very successful strategy of internal organic growth for the past thirty years, we believe that it is time for us to adopt a new strategy of pursuing multiple growth engines. One of the challenges of changing a core strategic vision is to change it while one's business is still performing strongly.

The Group's proposed acquisition of the entire interest of the Electronics Assembly Systems business from Siemens AG represents an exciting and excellent opportunity for the Company. It offers ASM a significant growth opportunity and a chance to replicate our success in the assembly and packaging equipment business to the surface mount technology ("SMT") equipment business.

The SMT placement equipment business that has been built up by Siemens AG has excellent market-leading technologies, good market reputation and a commendable market position. Currently, it enjoys strong market shares for products in the high-end market segments, particularly in Europe and the USA, which it is well-placed to maintain its leadership position. In terms of synergy, it shares many of the key enabling technologies and manufacturing processes of the assembly and packaging equipment offered by ASM. By contributing ASM's experience and expertise in cost-efficient manufacturing and marketing networks in Asia, we aim to lower the costs of SMT equipment hitherto offered to the market. Hence, we are confident of expanding the market share of the acquired business in Asia, particularly in China. We also aim to repeat our successful total solution strategy by horizontally expanding the product portfolio of this new SMT equipment business to cater to the needs of diverse customers.

We strongly believe that the proposed acquisition represents an excellent combination of advanced technologies with vast experience in cost-efficient manufacturing and marketing networks in Asia. The synergistic effects of combining the strengths of the two organizations will serve to push this new SMT business unit and the whole ASM Group to new heights.

Details of the proposed acquisition are set out in the announcement on "Major Transaction – Acquisition of the SEAS Business" of the Company dated 28 July 2010.

CORPORATE GOVERNANCE

The Group has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2010 except the following deviations:

Code Provision A.4.1

The Company has not yet adopted Code Provision A.4.1 which provides that Non-executive Directors should be appointed for a specific term, subject to re-election. All the Non-executive Directors are not appointed for specific term, but they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years pursuant to the Articles of Association of the Company. As such, the Company considers that such provisions in the Articles of Association are sufficient to meet the underlying objective of the relevant provision of the CG Code.

CORPORATE GOVERNANCE (continued)

Code provision E.1.2

Under Code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. The chairman of the Board did not attend the annual general meeting of the Company held on 23 April 2010 due to other commitment but the Chairman of the audit committee and other members of the remuneration committee of the Company were available to answer question at the shareholders' meeting.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

AUDIT COMMITTEE

The audit committee is comprised of three Independent Non-executive Directors and one Non-executive Director who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2010 in conjunction with the Company's external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Peter Lo Tsan Yin (Vice Chairman), Mr. Lee Wai Kwong and Mr. James Chow Chuen as Executive Directors, Mr. Robert Arnold Ruijter and Mr. Charles Dean del Prado as Non-executive Directors, and Miss Orasa Livasiri, Mr. Robert Lee Shiu Hung and Mr. John Lok Kam Chong as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 28 July 2010