ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2010 AUDITED RESULTS
YEAR ENDED 31 DECEMBER 2010

Group Turnover Doubled; Net Profits Tripled

Fiscal Year 2010

- **Record Group turnover of US$1,224.6 million, a surge of 101.1% over 2009**
- **Record Net Profits of HK$2,842 million and earnings per share of HK$7.20, a surge of 203.8% over the previous year**
- **Record Equipment turnover of US$1,018.3 million, a surge of 117.4% year on year**
- **Record Lead frame turnover of US$206.3 million, a growth of 46.7% year on year**
- **Record new order bookings of US$1,463.9 million, a surge of 90.4% over 2009**
- **Retained the world's No. 1 position in the semiconductor assembly and packaging equipment industry held since 2002**
- **Record cash on hand of HK$2,055 million at the end of December 2010, with zero debt**

Second Half 2010

- **Record half yearly Group turnover of US$688.1 million, a growth of 28.3% over the previous six months and 60.9% over same period a year ago**
- **Record half yearly net profits of HK$1,693.7 million and earnings per share of HK$4.29, a growth of 47.5% over the 1st half year and a surge of 96.8% over the same period a year ago**
- **Record half yearly equipment turnover of US$577.9 million, achieving 31.3% growth over the preceding half year and 70.0% growth over the same period a year ago**
- **Record half yearly lead frame turnover of US$110.1 million, achieving 14.5% growth over the preceding half year and 25.7% growth over the same period a year ago**
- **Half yearly new order bookings of US$556 million, a decline of 38.8% sequentially over the preceding half year**

Q4 2010

- **Group turnover of US$340.1 million, a small decline of 2.5% over the previous quarter and a growth of 50.3% over the same period a year ago**
- **Net profits of HK$844.9 million and earnings per share of HK$2.14, a slight decline of 0.4% over the previous quarter and a surge of 83.9% over the same period a year ago**
- **Equipment turnover of US$288.7 million, a slight decline of 0.5% over the preceding quarter and 60.4% growth over the same period of previous year**
- **Lead frame turnover of US$51.5 million, a decline of 12.4% over the preceding quarter and 11.0% growth over the same period of previous year**
- **New order bookings of US$179.3 million, a decline of 52.4% sequentially over the preceding quarter**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") achieved a turnover amounting to **HK$9,515 million** in the fiscal year ended 31 December 2010, representing an increase of 101.1% as compared with HK$4,732 million for the previous year. The Group's consolidated profit for the year is **HK$2,842 million**, which is 203.8% higher than the previous year's consolidated profit of HK$935 million. Basic earnings per share for the year amounted to **HK$7.20** (2009: HK$2.38).

DIVIDEND

In view of the Company's continuing strong liquidity and equity base, the Board of Directors has decided to recommend a final dividend of **HK$2.10** (2009: HK$1.20) and a special dividend of **HK$1.10** (2009: second special dividend of HK$0.40) per share. Together with the interim dividend of HK$1.60 (2009: HK$0.20 and first special dividend of HK$0.40) per share paid in August 2010, the total dividend payment for year 2010 will be **HK$4.80** (2009: HK$2.20) per share.

We continue to believe in returning excessive cash to our shareholders as dividends. After considering our short-term needs and on-going positive cash flow from our operations, our cash on hand permits ASM management to recommend a sustained high level of dividend to return excessive cash holdings to shareholders.

The Register of Members will be closed from 20 April 2011 to 28 April 2011, both days inclusive. In order to qualify for the proposed final and special 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 19 April 2011. The proposed final and special dividend will be paid on or about 4 May 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2010	2009
		HK$'000	HK$'000
	Notes		
Turnover	2	**9,515,089**	4,732,174
Cost of sales		**(5,006,965)**	(2,776,579)
Gross profit		**4,508,124**	1,955,595
Other income		**22,769**	7,729
Selling and distribution expenses		**(603,095)**	(417,324)
General and administrative expenses		**(275,559)**	(166,509)
Research and development expenses		**(433,987)**	(307,467)
Other gains and losses		**1,398**	(6,254)
Finance costs		**(3)**	-
Profit before taxation		**3,219,647**	1,065,770
Income tax expense	4	**(377,613)**	(130,332)
Proft for the year		**2,842,034**	935,438
Exchange differences on translation of foreign operations, representing other comprehensive income for the year		**34,305**	2,338
Total comprehensive income for the year		**2,876,339**	937,776
Earnings per share	6		
- Basic		**HK$7.20**	HK$2.38
- Diluted		**HK$7.18**	HK$2.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2010	2009
		HK$'000	HK$'000
Non-current assets	*Notes*		
Property, plant and equipment		**1,528,498**	890,456
Prepaid lease payments		**28,782**	7,901
Deposits paid for acquisition of property, plant and equipment		**65,511**	19,339
Rental deposits paid		**10,261**	-
Deferred tax assets		**23,495**	21,057
		1,656,547	938,753
Current assets			
Inventories		**1,624,182**	1,003,945
Trade and other receivables	7	**2,280,470**	1,572,752
Prepaid lease payments		**977**	494
Bank deposits with original maturity of more than three months		**76,798**	-
Bank balances and cash		**1,978,182**	1,253,872
		5,960,609	3,831,063
Current liabilities			
Trade and other payables	8	**1,993,404**	1,167,831
Taxation		**482,992**	191,354
		2,476,396	1,359,185
Net current assets		**3,484,213**	2,471,878
		5,140,760	3,410,631
Capital and reserves			
Share capital		**39,612**	39,439
Dividend reserve		**1,267,581**	631,027
Other reserves		**3,832,957**	2,739,610
Equity attributable to owners of the Company		**5,140,150**	3,410,076
Non-current liabilities			
Deferred tax liabilities		**610**	555
		5,140,760	3,410,631

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In the current year, the Group has applied a number of new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRS, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by HKICPA.

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. SEGMENT INFORMATION

The Group has two operating segments: sales of equipment and lead frame. The operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The Group is organised and managed around the 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 (expenses) income and unallocated general and administrative expenses.

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

Segment revenues and results

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Segment revenue from external customers		
Equipment	**7,912,246**	3,639,774
Lead frame	**1,602,843**	1,092,400
	9,515,089	4,732,174
Segment profit		
Equipment	**3,140,895**	948,622
Lead frame	**135,650**	152,974
	3,276,545	1,101,596
Interest income	**6,215**	5,196
Finance costs	**(3)**	-
Unallocated other (expenses) income	**(3)**	725
Unallocated general and administrative expenses	**(63,107)**	(41,747)
Profit before taxation	**3,219,647**	1,065,770

No analysis of the Group’s assets and liabilities by operating segments is disclosed as they are not regularly provided to the chief operating decision maker for review.

2. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. This is the measure reported to the Group's Chief Executive Officer, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

All of the segment revenue derived by the segments is from external customers.

Other segment information

2010	**Equipment HK$'000**	**Lead frame HK$'000**	**Unallocated general and administrative expenditure HK$'000**	**Consolidated HK$'000**
Amounts regularly provided to chief operating decision maker:				
Capital additions	**693,819**	**163,703**	**-**	**857,522**
Additions of prepaid lease payments	**21,193**	**-**	**-**	**21,193**
Amounts included in the measure of segment profit:				
Depreciation of property, plant and equipment	**150,864**	**75,894**	**-**	**226,758**
Release of prepaid lease payments	**114**	**439**	**-**	**553**
(Gain) loss on disposal / write-off of property, plant and equipment	**(364)**	**15,838**	**-**	**15,474**
Share-based payments	**87,724**	**11,148**	**16,917**	**115,789**

2009	Equipment HK$'000	Lead frame HK$'000	Unallocated general and administrative expenditure HK$'000	Consolidated HK$'000
Amounts regularly provided to chief operating decision maker:				
Capital additions	72,256	38,318	-	110,574
Amounts included in the measure of segment profit:				
Depreciation of property, plant and equipment	143,192	82,749	-	225,941
Release of prepaid lease payments	50	444	-	494
(Gain) loss on disposal of property, plant and equipment	(90)	188	-	98
Share-based payments	29,651	4,159	5,982	39,792

2. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

The information of the Group's non-current assets by geographical location are detailed below:

	Non-current Assets	
	2010	2009
	HK$'000	HK$'000
Mainland China	**1,167,616**	521,144
Malaysia	**237,837**	198,495
Singapore	**169,683**	151,662
Hong Kong	**50,328**	40,922
Taiwan	**3,123**	2,308
Japan	**1,507**	413
Europe	**821**	1,032
Others	**2,137**	1,720
	1,633,052	917,696

Note: Non-current assets excluded deferred tax assets.

Geographical information by location of customers

	Turnover Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Mainland China	**3,581,988**	1,589,767
Taiwan	**1,522,896**	948,264
Malaysia	**1,147,718**	466,102
Korea	**1,000,953**	702,820
Japan	**587,768**	62,805
Thailand	**430,894**	268,735
Hong Kong	**408,026**	177,253
Philippines	**352,165**	237,221
United States of America	**216,738**	164,332
Singapore	**141,199**	55,705
Europe	**85,018**	38,266
Others	**39,726**	20,904
	9,515,089	4,732,174

3. DEPRECIATION

During the year, depreciation of HK$227 million (2009: HK$226 million) was charged in respect of the Group's property, plant and equipment.

4. INCOME TAX EXPENSE

	Year ended 31 December	
	2010	2009
The charge (credit) comprises	**HK$'000**	HK$'000
Current tax:		
Hong Kong	**312,808**	109,241
Other jurisdictions	**67,016**	31,344
	379,824	140,585
(Over)underprovision in prior years:		
Hong Kong	**(14)**	(99)
Other jurisdictions	**48**	2,194
	34	2,095
Deferred tax credit		
Current year	**(2,202)**	(12,348)
Attributable to change in tax rate	**(43)**	-
	(2,245)	(12,348)
	377,613	130,332

(a) Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

(b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was increased from 10% and 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC range from 22% to 25% for the year ended 31 December 2010 (2009: 20% to 25%).

(c) ASM Technology Singapore Pte Limited ("ATS"), a principal subsidiary of the Company, was previously granted the Manufacturing Headquarters ("MH") status by the Singapore Economic Development Board ("EDB") whereby the Group's profit arising from the manufacturing of semiconductor equipment and materials by ATS in Singapore is non-taxable under a tax incentive covering certain new products. 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.

On 12 July 2010, the EDB granted a Pioneer Certificate ("PC") to ATS to the effect that profits arising from certain new equipments and lead frame products will be exempted from tax for a period of 10 years effective from dates commenced or to be commenced between 1 June 2010 and 1 January 2012 across specified products, subject to fulfillment of certain criteria during the relevant period. EDB also granted a 5-year Development and Expansion Incentive to ATS to the effect that the profits arising from certain existing products shall be subject a concessionary tax rate of 10% for a period of 5 years from 1 January 2011, subject to the fulfillment of certain criteria during the relevant period.

On the same date, the EDB also granted ATS an International Headquarters Award to the effect that certain income arising from qualifying activities conducted by ATS, excluding income from business transactions with companies or end customers in Singapore, shall be subject to a concessionary tax rate of 5% for a period of 10 years from 1 January 2011, subject to fulfillment of certain criteria during the relevant period.

4. INCOME TAX EXPENSE (CONTINUED)

Income arising from activities not covered under the abovementioned incentives is taxed at the prevailing corporate tax rate in Singapore of 17% (2009: 17%).

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

The Company continued to receive letters from the Hong Kong Inland Revenue Department during the year ended 31 December 2010 seeking information relating to Hong Kong 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 31 December 2010, the Group purchased tax reserve certificates amounting to HK$137,929,000 (2009: HK$101,000,000).

Based on legal and other professional advice that the Company has sought, the directors continued 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 consolidated financial statements and the amounts paid under the tax reserve certificates are fully recoverable.

5. DIVIDENDS

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Dividend recognised as distribution during the year		
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
Final dividend for 2009 of HK$1.20 (2009: final dividend for 2008 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**	-
	1,262,054	431,592
Dividend declared after the year end		
Proposed final dividend for 2010 of HK$2.10 (2009: HK$1.20) per share on 396,119,000 (2009: 394,392,100) shares	**831,850**	473,270
Proposed special dividend for 2010 of HK$1.10 (2009: second special dividend of HK$0.40) per share on 396,119,000 (2009: 394,392,100) shares	**435,731**	157,757
	1,267,581	631,027

The final dividend of HK$2.10 and the special dividend of HK$1.10 (2009: final dividend of HK$1.20 and the second special dividend of HK$0.40) per share in respect of the year ended 31

5. DIVIDENDS (CONTINUED)

December 2010 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

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:

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the year)	**2,842,034**	935,438
	Number of shares (in thousands)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**394,472**	392,451
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,378**	1,622
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**395,850**	394,073

7. TRADE RECEIVABLES

Included in trade and other receivables are trade receivables with the aging analysis as follows:

	At 31 December	
	2010	2009
	HK$'000	HK$'000
Not yet due	**1,444,641**	978,543
Overdue within 30 days	**252,653**	202,379
Overdue within 31 to 60 days	**116,569**	107,160
Overdue within 61 to 90 days	**50,781**	31,052
Overdue over 90 days	**31,254**	37,923
	1,895,898	1,357,057

8. TRADE PAYABLES

Included in trade and other payables are trade payables with the aging analysis as follows:

	At 31 December	
	2010	2009
	HK$'000	HK$'000
Not yet due	**615,949**	497,834
Overdue within 30 days	**270,895**	189,557
Overdue within 31 to 60 days	**72,067**	39,075
Overdue within 61 to 90 days	**16,977**	4,284
Overdue over 90 days	**6,316**	6,366
	982,204	737,116

REVIEW

The year 2010 will be remembered as a landmark year in ASM's history. It is destined to mark a new era of growth for the Group. Although many observers expected the semiconductor industry to achieve a solid rebound in 2010 following deep cuts in 2009, the actual growth has far outstripped most expectations. It has been a fantastic year for ASM that is characterized by many firsts. The Group has set new records in all the major areas, including bookings, billings and net profits. Revenue for the Group surpassed US$1 billion for the first time in ASM's history. In fact, equipment revenue alone has exceeded US$1 billion, and this is unprecedented in the semiconductor assembly and packaging equipment industry. Meanwhile, lead frame revenue exceeded US$200 million.

Furthermore, ASM's share price breached the HK$100 level for the first time since the company's listing on The Hong Kong Stock Exchange. We estimate that an investor who invested in the company's shares at the end of 2000 and held on to the shares until the end of last year would have achieved 9.6 times in returns from share price appreciation and dividend receipts.

The excellent results were achieved because all product groups turned in higher sales compared with the previous year. Gross margin showed significant improvement due to our continual cost reduction efforts and volume effect as a result of the high sales turnover.

Towards the end of the financial year, the market betrayed weariness after many quarters of vigorous growth. Due to the strong order backlog, equipment billings in the fourth quarter were at a similar level to that of the third quarter. However, there was some weakening in our lead frame business and general contraction in our bookings in the fourth quarter.

Our billing in the fourth quarter of 2010 was US$340.1 million. It represented a decrease of 2.5% from the preceding quarter and growth of 50.3% against the same period last year. Net profit for the quarter amounted to HK$844.9 million, which is at a similar level to the preceding quarter.

During the fourth quarter, equipment revenue grew by 60.4% to US$288.7 million from the same period a year ago and declined slightly by 0.5% from the preceding quarter. Lead frame revenue showed a decline of 12.4% as compared to the third quarter to US$51.5 million, reflecting the market contraction, but increased by 11.0% against the same period last year. Lead frame revenue represented 15.1% of the Group's revenue in the fourth quarter. New order bookings during the last quarter of 2010 amounted to US$179.3 million, representing a sequential decline of 52.4% against the preceding quarter.

While the fourth quarter was a relative weak quarter in terms of bookings compared to the exuberant quarters which preceded it, it is worthwhile to note that the level of bookings in the fourth quarter of 2010 was actually comparable to the booking levels in the strong quarters which prevailed prior to the financial crisis of 2008. This probably confirms our belief that there is a structural change in demand for our products, especially for our assembly and packaging equipment. We believe that the higher level of demand may be led by new sources of consumer demand for electronic products, especially new demand that is coming from the emerging economies, and demand for popular consumer products which utilize LED devices.

In the second half of 2010, billings for the Group amounted to US$688.1 million, a sequential increase of 28.3% over the first half of the year and a growth of 60.9% over same period a year ago. New order bookings for the six-month period were US$556 million.

We are pleased that ASM has again outperformed its industry peers. As compared to 2009, Group revenue has doubled and net profits tripled. Last year, we achieved a Group turnover of US$1,224.6 million and net profit of HK$2,842 million. This represents a surge of 101.1% and 203.8% respectively over the previous year. Return on capital employed and on sales were 62.6% and 33.8% respectively.

Last year, our equipment revenue was US$1,018.3 million, representing 83.2% of the Group's turnover and an increase of 117.4% over the previous year. ASM was again the top supplier in its industry, which is a position we have maintained since 2002. We have once again widened our gap with the closest rival from US$212 million in 2009 to over US$305.2 million last year. Revenue for our lead frame business in 2010 was US$206.3 million, growing by 46.7%. This solid performance again highlights our strong market position in the lead frame business.

New order bookings for 2010 amounted to a new record of US$1,463.9 million, which is an increase of 90.4% as compared to the previous year. Our book-to-bill ratio, representing net bookings over billings, was 1.20. Our backlog as of 31 December 2010 decreased to US$450.2 million.

Our customer base continues to be well diversified. By geographical distribution, China, Taiwan, Malaysia, South Korea and Japan were the top 5 markets for ASM in 2010. In particular, the contribution from the China market has further increased, from 33.6% in 2009 to 37.6% in 2010. Also, there was a significant growth of the business originating from Japan, largely arising from demand for equipment for producing LEDs. Generally, all geographical areas have shown strong improvement over the previous year.

In 2010, our top 5 customers accounted for only 16.2% of the Group's revenue. While demand has improved in all areas, the demand from subcontractors has generally improved to a greater extent than the demand from IDMs. On the whole, all our products performed very well during the year.

We continue to see strong momentum in the demand for our copper wire bonders and copper wire bonding conversion kits. Many of our gold wire bonders in the field have now been converted into copper wire bonders thus enhancing ASM's premier position in copper wire bonding technology.

We have the largest product portfolio to address both the semiconductor market and the LED market, which allowed ASM to take advantage of the strong growth in demand in the LED market in 2010. We have been very successful in our strategy of expanding our product line-up for LED applications. Our LED sorters, test handlers, taping machines and LED encapsulation system have all been very well received by the market.

Capacity constraints in 2010 limited our ability to launch many new products. With the easing of capacity this year, we will be stepping up our efforts to launch many new products to the market.

During the year, ASM entered the Surface Mount Technology ("SMT") business by acquiring the Siemens Electronics Assembly Systems ("SEAS") business from Siemens AG. The acquisition was officially completed on 7 January 2011.

We were pleased to observe that the SEAS business recovered very well from the financial crisis and managed to achieve operational profits during the second half of 2010. Its revenue in 2010 achieved a strong growth of 116.3% against 2009. Its newly-developed SX series placement machine is especially well-received by the market with strong bookings received from customers in Europe. With the acquisition of the SEAS business, our beginning backlog as of 1 January 2011 has instantly expanded by €101.1 million. China has become the largest market for the SEAS business, which coincidentally is also the largest and most successful market for ASM.

After the acquisition by ASM, the SEAS business has been renamed "ASM Assembly Systems". Since SEAS is considered to be one of the top suppliers in the SMT equipment market, the SMT business' contribution to ASM's top line is immediate and sizeable. The integration activities to ensure that positive synergies between the two existing businesses are realized at the earliest possible time are well on track.

LIQUIDITY AND FINANCIAL RESOURCES

We ended the last fiscal year in a very healthy financial position. Due to the booming demand, our aggressive working capital management through tight control of inventory and aggressive collection efforts, our cash on hand at year-end is at a historical high. Therefore, we are in a comfortable position to fund the acquisition and integration of the SMT business, as well as the capex budget in the coming year.

Cash on hand as of 31 December 2010 was HK$2,055 million (2009: HK$1,254 million). During the twelve-month period, HK$1,262 million was paid as dividends. Capital addition during the period amounted to HK$858 million, which was partially funded by the year's depreciation of HK$227 million. Accounts receivable have been tightly monitored during the year. Due to our aggressive collection efforts and the slight reduction in sales activities in the last quarter, accounts receivable have decreased to 72.7 days sales outstanding (2009: 104.7 days).

There was no bank borrowing as of 31 December 2010. Current ratio was 2.41, with a debt-equity ratio of 48.2%. As there were no long term borrowings, gearing of the Group was zero, the same as for the past ten years. The Group's shareholders' funds increased to HK$5,140 million as at 31 December 2010 (2009: HK$3,410 million).

The Group has moderate currency exposure as the majority of all sales were denominated in U.S. dollars. On the other hand, the disbursements were mainly in U.S. dollars, Hong Kong dollars, Singapore dollars, Malaysian Ringgit and China Renminbi. Our limited yen-based receivables were offset by some accounts payable in yen to Japanese vendors. With the addition of the SMT equipment business, the Group's exposure to the Euro has increased starting from 2011.

We continue to believe in returning excessive cash to our shareholders as dividends. After considering our short-term needs and on-going positive cash flow from our operations, our cash on hand permits ASM management to recommend a sustained high level of dividend.

HUMAN RESOURCES

ASM recognizes human resources as one of the Company's most important assets. Recruiting and retaining high-calibre employees is always of high priority in ASM. Besides offering competitive remuneration packages, ASM also commits to specialized yet demanding staff development and training programs. In general, salary review is conducted annually. In addition to salary payments, other benefits include contributions to provident fund schemes, medical and training subsidies. Discretionary bonus and incentive shares may be granted to eligible staff based on the Group's financial results and individual performance.

As of 31 December 2010, the total headcount of the Group worldwide was approximately 15,200 people. After completion of the acquisition of the SEAS business, total headcount of the Group increased by 1,200.

PROSPECTS

Consumer products will continue to lead innovation in 2011, particularly in the field of mobile technology. Healthy demand for consumer electronics products will continue to fuel the market. Some analysts have predicted that, after the high growth rates in capital equipment spending in 2010 of more than 100% as compared to a weak 2009, spending in 2011 will likely be flat resulting in a single-digit growth for the assembly and packaging equipment industry.

Since growth is likely to moderate in the near term, we expect 2011 to be generally comparable to 2010. Demand appears to be stabilizing based on recent data. It is possible that we have already crossed the bottom of the current cycle.

In the LED sector, there appears to be some oversupply of LED products at present, but we believe that such oversupply should be a short-term situation. It is likely that the LED market will proceed to grow again after the inventory adjustment. Besides LED Back-Lighting Units, LED general lighting will become an additional driver to propel growth. Upon the turnaround in the business cycle, we are in a prime position to add significant growth to our top and bottom lines as a result of our investment in capacity and the structural improvements to our operations.

We expect the SMT business to become an additional growth engine for ASM which will contribute materially to ASM's profitability in the future. Given the current market conditions and the successful turnaround of the SEAS business in 2010, we now expect the newly acquired SMT business to have an immediate contribution to our bottom line starting from this year, although it may be at a lower level initially. We are currently putting in place plans to bring the profitability of the SMT business to a comparable level to ASM's norms. It appears that the SMT equipment market is somewhat similar to the semiconductor assembly and packaging equipment market. After a few quarters of robust growth, demand came down during the second half of 2010. However, it seems that the SMT equipment market is also settling at a relatively high level compared to the pre-crisis period. We are confident that the acquisition will enable the Group to continue to deliver growth and returns to its shareholders that are in line with ASM's historical performance.

We will focus on launching new products to the market in 2011 in order to recapture the ground which we had to concede to the competition due to our capacity constraints experienced last year, when our resources were stretched to the limit to meet the robust market demand. The growing demand for LEDs in backlighting as well as general lighting has given us the confidence to aggressively expand our range of equipment offered for LED applications beyond our present product line-up. Going forward, we will further develop LED lead frames and packages for high-brightness LEDs. Our ultimate target is to become a total solution provider to the LED market.

Our heavy aluminum wire bonder is one of the key products that we will be launching this year. We expect that there will be a strong demand for such wire bonders in the production of power drivers and power management electronic devices due to the booming demand for electric cars and the drive for "green" products.

We had previously announced that a R&D centre has been set up in Chengdu, China, and that we are in the process of expanding its operations. The new building which is due to be completed in the third quarter of 2011 will allow ASM to significantly boost its R&D strength and resources. Moreover, the acquisition of the SEAS business has added a fourth R&D centre in Munich, Germany to the Group. We believe that with the aforesaid increase in R&D resources, ASM's long-term strategic positioning as the leader of the assembly and packaging equipment business, as well as a leading supplier of SMT equipment, would be significantly strengthened.

Our new manufacturing plant in Huizhou, China is now fully-operational, and is progressing into its second phase of expansion. A new casting centre and a fabrication centre will be ready by the first half of 2012. It will allow ASM to further enhance its production capacity to cater for the growth of both the assembly and packaging equipment and SMT equipment businesses, and to facilitate new investments in casting technology. We will further supplement our etched lead frame capacity by setting up new etching facilities in Fuyong, China to capture the growing China market.

The rapid growth of the Group, as exemplified by the acquisition of the SEAS business, has accelerated the need for changes to be made to our supply chain management structure to cater for the increasing complexity of our business. A decentralized model consisting of multiple regional centers of operations which has served us well until now needs to be streamlined in order to meet the new challenges. Learning from the best practices of other large multinational companies, we decide to reorganize the Group's global supply chain structure by establishing a principal company for centralizing the supply chain operations. These changes are aimed at simplifying our supply chain management across the many worldwide locations where our various subsidiaries, customers and suppliers are located. Accordingly, some management functions such as strategic business planning, global procurement, marketing, corporate finance, human resource management, legal and intellectual property management would be centralized in the principal company. After exploring the relative merits of potential locations for establishing the principal company, we have decided to base the principal company in Singapore. We are very pleased to announce that in conjunction with the decision to base the principal company in Singapore, the Group's subsidiary in Singapore, ASM Technology Singapore Pte Ltd. has been awarded the International Headquarters award by the Singapore Economic Development Board.

ASM's management team has always sought to adopt a long-term business strategy that would enable the company to seize opportunities during good times and at the same time sharpen its competitive edge to achieve sustainable and profitable growth. Our long-term business strategies include offering multiple products serving diversified application markets, a customer-centric approach focusing on customer value creation, a vertical integration strategy and strategic choice of low-cost manufacturing locations, and last but not least providing customers with innovative, total packaging solutions based on ASM's equipment and lead frames to meet their ever-expanding new product requirements. With the addition of the SMT equipment business, we are able to further expand the scope of our total solutions to customers.

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

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

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 ("Listing Rules") throughout the year ended 31 December 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.

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.

The Group has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code during the year ended 31 December 2010.

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 consolidated financial statements for the year ended 31 December 2010 in conjunction with the Company's external auditor.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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. Petrus Antonius Maria van Bommel 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, 2 March 2011