ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2009 AUDITED RESULTS
YEAR ENDED 31 DECEMBER 2009

Another Record Breaking Year For ASM

Q4 2009

- **Record quarterly Group turnover of US$227 million, a growth of 12.2% over the previous quarter and 115.5% over the same period a year ago**
- **Record quarterly profit of HK$459 million and earnings per share of HK$1.17, a growth of 14.6% over the previous quarter and 1,343.2% over the same period a year ago**
- **Record quarterly equipment turnover of US$180 million, achieving 12.2% growth over the preceding quarter and 129.2% growth over the same period previous year**
- **Record quarterly lead frame turnover of US$47 million, achieving 12.1% growth over the preceding quarter and 74.8% growth over the same period previous year**
- **Record quarterly new order bookings of US$284 million, an increase of 21.8% sequentially over the preceding quarter**

Second Half 2009

- **Record half yearly Group turnover of US$429 million, a growth of 135.8% over the previous six months and 42.5% over same period a year ago**
- **Record half yearly profit of HK$861 million and earnings per share of HK$2.19, a growth of 1,048.9% over the 1st half year and 187.7% over the same period a year ago**
- **Record half yearly equipment turnover of US$341 million, achieving 164.8% growth over the preceding half year and 46.9% growth over the same period a year ago**
- **Record half yearly lead frame turnover of US$88 million, achieving 65.5% growth over the preceding half year and 27.8% growth over the same period a year ago**
- **Record half yearly new order bookings of US$518 million, an increase of 106.2% sequentially over the preceding half year**

Fiscal Year 2009

- **Group turnover of US$611 million, a reduction of 10.0% over 2008**
- **Profit of HK$935 million and earnings per share of HK$2.38, a reduction of 3.9% over the previous year**
- **Equipment turnover of US$470 million, a decline of 11.3% year on year**
- **Lead frame turnover of US$141 million, a decline of 5.3% year on year**
- **Record new order booking of US$769 million, a growth of 33.1% over 2008**
- **Retained the world's No. 1 position in the assembly and packaging equipment industry held since 2002**
- **With zero debt and record cash on hand of HK$1,254 million at the end of December 2009**

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$4,732 million** in the fiscal year ended 31 December 2009, representing a decrease of 10.0% as compared with HK$5,258 million for the previous year. The Group's consolidated profit for the year is **HK$935 million**, which is 3.9% lower than the previous year's consolidated profit of HK$974 million. Basic earnings per share for the year amounted to **HK$2.38** (2008: HK$2.49).

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$1.20** (2008: HK$0.50) and a second special dividend of **HK$0.40** (2008: NIL) per share. Together with the interim dividend of HK$0.20 (2008: HK$0.90) and first special dividend of HK$0.40 (2008: HK$0.50) per share paid in August 2009, the total dividend payment for year 2009 will be **HK$2.20** (2008: HK$1.90) per share.

Having established its leadership position in the microelectronics market over the years, ASM intends to further its organic growth path in the near term not only by enlarging market share with its high-performance, diversified products but also by moving into untapped market space that provides the opportunity for highly profitable growth. There is no short term need for major cash outlay and the Group has consistently managed to generate significant positive cash flow from operations for more than ten years.

The Register of Members will be closed from 19 April 2010 to 23 April 2010, both days inclusive. In order to qualify for the proposed final and second special dividends, 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 April 2010. The proposed final and second special dividends will be paid on or about 29 April 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2009 HK$'000	2008 HK$'000
Turnover	2	**4,732,174**	5,258,413
Cost of sales		**(2,776,579)**	(3,163,227)
Gross profit		**1,955,595**	2,095,186
Other income		**7,729**	11,833
Selling and distribution expenses		**(417,324)**	(465,509)
General and administrative expenses		**(166,509)**	(195,751)
Research and development expenses		**(307,467)**	(358,734)
Other losses and gains		**(6,254)**	16,541
Finance costs		**-**	(2)
Profit before taxation		**1,065,770**	1,103,564
Income tax expense	4	**(130,332)**	(129,891)
Proft for the year		**935,438**	973,673
Exchange differences on translation of foreign operations, representing other comprehensive income (expense) for the year		**2,338**	(13,825)
Total comprehensive income for the year		**937,776**	959,848
Earnings per share	6		
- Basic		**HK$2.38**	HK$2.49
- Diluted		**HK$2.37**	HK$2.48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2009	2008
		HK$'000	HK$'000
Non-current assets	*Notes*		
Property, plant and equipment		**890,456**	1,004,105
Prepaid lease payments		**7,901**	8,321
Deposits paid for acquisition of property, plant and equipment		**19,339**	12,434
Deferred tax assets		**21,057**	9,993
		938,753	1,034,853
Current assets			
Inventories		**1,003,945**	900,958
Trade and other receivables	7	**1,572,752**	1,003,243
Prepaid lease payments		**494**	489
Bank balances and cash		**1,253,872**	845,521
		3,831,063	2,750,211
Current liabilities			
Trade and other payables	8	**1,167,831**	647,940
Taxation		**191,354**	271,112
		1,359,185	919,052
Net current assets		**2,471,878**	1,831,159
		3,410,631	2,866,012
Capital and reserves			
Share capital		**39,439**	39,236
Dividend reserve		**631,027**	196,178
Other reserves		**2,739,610**	2,628,686
Equity attributable to owners of the Company		**3,410,076**	2,864,100
Non-current liabilities			
Deferred tax liabilities		**555**	1,912
		3,410,631	2,866,012

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.

Except as described below, the adoption of the new and revised HKRFSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

<u>New and revised HKFRSs affecting presentation and disclosure only</u>

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) "Presentation of Financial Statements" has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has changed the basis of measurement of the Group’s segment profit or loss (see note 2 below). However, the adoption of HKFRS 8 has not resulted in a re-designation of the Group’s reportable segments.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about 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. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. However, the measurement of segment results has changed.

The Group has two reportable segments: sales of equipment and lead frame. They represent two major types of products manufactured by the Group. In prior year, the segment results represent the profit before taxation earned by each segment without allocation of interest income and finance cost. However, information reported to the chief operating decision maker for the purpose of resources allocation and assessment of performance is different. Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, unallocated other income and unallocated corporate expenses.

Information regarding these segments is presented below. The segment results reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

The following is an analysis of the Group’s turnover and results by reportable segment:

	Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
		(restated)
Segment revenue from external customers		
Equipment	**3,639,774**	4,104,507
Lead frame	**1,092,400**	1,153,906
	4,732,174	5,258,413
Segment profit		
Equipment	**948,622**	1,056,197
Lead frame	**152,974**	52,185
	1,101,596	1,108,382
Interest income	**5,196**	12,030
Finance costs	**-**	(2)
Unallocated other income	**725**	13,644
Unallocated corporate expenses	**(41,747)**	(30,490)
Profit before taxation	**1,065,770**	1,103,564

No analysis of the Group’s assets by operating segments is disclosed as it is 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 reportable segments are the same as the Group’s accounting policies. Segment profit represents the profit before taxation earned by each segment, excluding interest income, finance costs, unallocated other income and unallocated corporate expenses. This is the measure reported to the Group’s Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

All of the segment turnover reported above is from external customers.

Other segment information

	At 31.12.2009			At 31.12.2008		
	Equipment	**Lead frame**	**Consolidated**	Equipment	Lead frame	Consolidated
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Capital additions	**72,256**	**38,318**	**110,574**	150,247	90,833	241,080
Depreciation of property, plant and equipment	**143,192**	**82,749**	**225,941**	149,183	70,285	219,468
Release of prepaid lease payments	**50**	**444**	**494**	422	67	489
(Gain) loss on disposal of property, plant and equipment	**(90)**	**188**	**98**	(2,528)	(432)	(2,960)

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

	Non-current Assets	
	2009	2008
	HK$'000	HK$'000
Mainland China	**521,144**	574,590
Malaysia	**198,495**	197,170
Singapore	**151,662**	189,050
Hong Kong	**40,922**	58,962
Taiwan	**2,308**	2,503
Europe	**1,032**	366
Others	**2,133**	2,219
	917,696	1,024,860

Note: Non-current assets excluded deferred tax assets.

2. SEGMENT INFORMATION (CONTINUED)

Geographical information by location of market

	Turnover Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Mainland China	**1,589,767**	1,860,038
Taiwan	**948,264**	888,940
Korea	**702,820**	308,033
Malaysia	**466,102**	707,276
Thailand	**268,735**	277,771
Philippines	**237,221**	239,359
Hong Kong	**177,253**	355,402
United States of America	**164,332**	158,450
Japan	**62,805**	197,335
Singapore	**55,705**	144,990
Europe	**38,266**	79,646
Others	**20,904**	41,173
	4,732,174	5,258,413

3. DEPRECIATION

During the year, depreciation of HK$226 million (2008: HK$219 million) was charged in respect of the Group's property, plant and equipment.

4. INCOME TAX EXPENSE

	Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Current tax:		
Hong Kong	**109,241**	117,380
Other jurisdictions	**31,344**	18,158
	140,585	135,538
(Over)underprovision in prior years:		
Hong Kong	**(99)**	(32)
Other jurisdictions	**2,194**	133
	2,095	101
Deferred tax credit		
Current year	**(12,348)**	(5,748)
	130,332	129,891

4. INCOME TAX EXPENSE (CONTINUED)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People’s Republic of China (the “PRC”) on Enterprise Income Tax (the “EIT”) and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group’s subsidiaries in 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 20% to 25% (2008: 18% to 25%).

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 ("MH") 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.

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 2009 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. The Group purchased tax reserve certificates amounting to HK$101,000,000 (2008: HK$73,000,000).

Based on legal and other professional advice that the Company has sought, the directors are of the opinion that the Company and its subsidiaries would 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 finally recoverable.

5. DIVIDENDS

	Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Dividend recognised as distribution during the year		
Interim dividend paid for 2009 of HK$0.20 (2008: HK$0.90) per share on 392,356,700 (2008: 390,628,000) shares	**78,471**	351,565
First special dividend paid for 2009 of HK$0.40 (2008: HK$0.50) per share on 392,356,700 (2008: 390,628,000) shares	**156,943**	195,314
Final dividend for 2008 paid of HK$0.50 (2008: final dividend for 2007 paid of HK$1.10) per share on 392,356,700 (2008: 390,628,000) shares	**196,178**	429,691
Second special dividend for 2007 paid of HK$0.40 per share on 390,628,000 shares	**-**	156,251
	431,592	1,132,821
Dividend declared after the year end		
Proposed final dividend for 2009 of HK$1.20 (2008: HK$0.50) per share on 394,392,100 (2008: 392,356,700) shares	**473,270**	196,178
Proposed second special dividend for 2009 of HK$0.40 per share on 394,392,100 shares (2008: nil)	**157,757**	-
	631,027	196,178

The final dividend of HK$1.20 and the second special dividend of HK$0.40 (2008: final dividend of HK$0.50) per share 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	
	2009	2008
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the year)	**935,438**	973,673
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	**392,451**	390,708
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**1,622**	1,383
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**394,073**	392,091

7. TRADE RECEIVABLES

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

	At 31 December	
	2009	2008
	HK$'000	HK$'000
Not yet due	**978,543**	546,857
Overdue within 30 days	**202,379**	121,404
Overdue within 31 to 60 days	**107,160**	76,278
Overdue within 61 to 90 days	**31,052**	57,678
Overdue over 90 days	**37,923**	52,836
	1,357,057	855,053

8. TRADE PAYABLES

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

	At 31 December	
	2009	2008
	HK$'000	HK$'000
Not yet due	**497,834**	74,635
Overdue within 30 days	**189,557**	107,776
Overdue within 31 to 60 days	**39,075**	84,774
Overdue within 61 to 90 days	**4,284**	36,480
Overdue over 90 days	**6,366**	20,966
	737,116	324,631

REVIEW

Faced with a terrible start to the year, we would never have dreamt a year ago that we would once again set new records in 2009! After a sustained recovery in the semiconductor packaging equipment industry which started from the second quarter, the fourth quarter has been tremendous for the Company, setting quarterly records in almost every aspect of our business. We have achieved record quarterly profits, quarterly revenues and quarterly bookings. Based on our fourth quarter results, our business is now well above the pre-crisis level. This is an encouraging sign that ASM has progressed to a new phase of growth.

In fact, we had been breaking new records consistently during the past three years. In 2007, we achieved record billings and profits in the third quarter and record new order bookings in the fourth quarter. Even during the financial crisis, we broke the billings record in the second quarter of 2008. However, all these records have now been surpassed during the fourth quarter of 2009! These achievements not only highlight ASM's strength in depth to emerge unscathed from this crisis, but also its agility to skillfully navigate through the challenges posed by the crisis.

Our billing in the fourth quarter of 2009 was US$227 million. It exceeded the previous record set in the second quarter of 2008 by 9.2%. It represented a sequential increase of 12.2% over the preceding three months and a strong growth of 115.5% against the same period last year. Net profit for the quarter amounted to HK$459 million, surpassing the previous record attained in the preceding quarter by 14.6%.

Quarterly billings for both our equipment and lead frame businesses attained new records. During the fourth quarter, equipment revenue grew by 129.2% to US$180 million from the same period a year ago and increased by 12.2% from the preceding quarter. Lead frame revenue achieved an increase of 12.1% over the third quarter to US$47 million and a strong surge of 74.8% against the same period last year. Lead frame revenue represented 20.5% of the Group's revenue in the fourth quarter.

After setting a new record in the third quarter, our new order bookings continued to be strong in the fourth quarter. New order bookings during the last quarter of 2009 amounted to US$284 million, surpassing the previous record by 21.8%. As a result, our backlog at the end of 2009 was at an all-time high of US$211 million.

Due to two consecutive strong quarters, our performance in the second half of 2009 was the best in our history for any six-month period. Billings for the Group amounted to US$429 million, a strong sequential increase of 135.8% over the first half of the year and a growth of 42.5% over same period a year ago. Both our equipment and lead frame businesses set new half-yearly billing records. New order bookings for the six-month period were US$518 million, surpassing the half-a-billion dollar mark for the first time.

Judging from the first quarter of 2009, when business was in the doldrums and we suffered our first-ever quarterly losses, it could hardly have been expected that the pace of recovery from the second quarter onwards would be so remarkable. Notwithstanding the pessimism which prevailed in early 2009, we felt from the beginning that the abnormal situation was due to a severe overreaction. Whilst we had expected that the market would pick up after the Chinese New Year, we did not expect the high level of momentum that would be generated.

China has confirmed its pole position in leading the world economy out of recession. In the first half of 2009, the demand for semiconductor equipment was largely driven by the stimulus programmes implemented by the Chinese government leading to strong domestic demand in China. Although China was leading the recovery at the tail end of the first half of the year, other countries started to gather momentum and closed the gap on China during the second half. They appeared to have also benefited from the strong domestic demand in China. The growth in demand for Light-Emitting Diodes ("LEDs") was a further boost for the industry.

The stellar results achieved in the second half have led ASM to again outperform its industry peers. Last year, we achieved a Group turnover of US$611 million and net profit of HK$935 million. This represents 10.0% and 3.9% contractions respectively over the previous year, which is primarily attributable to the very weak start to 2009. However, the relatively small decline as compared to 2008 demonstrates the substantial improvement experienced for the rest of the year. Return on capital employed and on sales were 31.3% and 22.4% respectively.

Last year, our equipment revenue was US$470 million, representing 76.9% of the Group's turnover and a decline of 11.3% over the previous year. ASM was again the top player in its industry, keeping the premier position we have held since 2002. Revenue for our lead frame business in 2009 was US$141 million, slowing by a relatively small 5.3%. This solid performance again highlights our strong market position in the lead frame business and promises solid future contributions to our revenue stream from the product.

New order bookings for 2009 amounted to a new record of US$769 million, which is an increase of 33.1% as compared to the previous year. Our book-to-bill ratio, representing net bookings over billings, was 1.26.

Our customer base continues to be well spread out. China remains our largest market, and started to pick up strongly from the second quarter onwards. Slowly but surely, other territories are also starting to get back to pre-crisis levels, with the gap between our China market and our other markets starting to narrow as we progressed through the year. China, Taiwan, South Korea and Malaysia remain the greatest contributors to our sales, with the Korean market particularly benefiting from the strong demand at present for LEDs.

In 2009, our top 5 customers accounted for only 20.1% of the Group's revenue. A surge in demand from subcontractors during the later part of the year has led them to surpass the demand from IDMs. On the whole, all our products are demonstrating an upward trend, although there are naturally some products which are picking up sooner than others. Generally, our wire bonders and die bonders have been leading the recovery, with other products also benefiting from the growth trends. It is likely that all our products should at least reach or exceed our pre-crisis levels shortly.

We are seeing strong momentum in our copper wire bonders and copper wire bonding conversion kits. In the past year, we have shipped a record number of copper wire bonder conversion kits and copper wire bonders to our customers, and many of our gold wire bonders in the field have already been converted into copper wire bonders by now. ASM's premier position in copper wire bonding technology will propel further demand for its wire bonders.

The success of our strategy of expanding our product line-up for LED applications was demonstrated by our LED sorters, test handlers and taping machines, which proved to be well-received by the market. In 2009, we have also successfully launched our LED encapsulation system.

Our strategy to pursue multiple application markets has once again proven to be very useful for coping with industry downturns. On hindsight, our strong performance was a result of many factors, such as our strong presence in China which is leading the recovery and the right product mix which meets the demanding requirements of our customers. 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 during 2009. Our successful business strategy of not unnecessarily scaling down the Company during short-term fluctuations in demand has also served us well by enabling us to capture precious opportunities during the ensuing recovery. We are further assisted by our strong financial resources that allow us to take a long-term outlook. Last but not least, the culture of the Company and committed employees ensure that our business plans are successfully implemented.

LIQUIDITY AND FINANCIAL RESOURCES

We ended the last fiscal year in a very healthy financial position. Due to our aggressive working capital management through tight control of inventory and aggressive collection efforts, our year-ending cash position is at all-time high.

Cash on hand as of 31 December 2009 was HK$1,254 million (2008: HK$846 million). During the twelve-month period, HK$432 million was paid as dividends and HK$111 million was spent in capital investments, which were fully funded by the year's depreciation of HK$226 million. Actual capital investment commitments were higher than what is reported here since a large part of it was only committed during the last quarter of 2009. Total capital expenditures and commitment in 2009 was similar to the budgeted amount for the year. Accounts receivable have been tightly monitored during the year. Even with our aggressive collection efforts, due to strong sales activities in the past two quarters, accounts receivable have increased to 104.7 days sales outstanding (2008: 59.5 days).

There was no bank borrowing as of 31 December 2009. Current ratio was 2.82, with a debt-equity ratio of 39.9%. 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$3,410 million as at 31 December 2009 (2008: HK$2,864 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 no short-term needs and an on-going positive cash flow from organic growth operations, our cash on hand permits ASM management to recommend a sustained high level of dividend to return excessive cash holdings to shareholders.

HUMAN RESOURCES

ASM recognizes human resources as one of the Company's most important assets. Even during the downturn last year, we decided early on that laying off employees would be a last resort in our cost reduction effort. All our cost reduction programmes were designed to have a minimal impact on the take-home pay of our employees. Therefore we received strong support from employees at all levels. We are glad that we have survived the downturn without any unnecessary scaling down of our operations. Ultimately, this helped the Group tremendously in coping with and taking advantage of the strong upturn momentum in the later part of the year.

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 2009, the total headcount of the Group worldwide was approximately 10,700 people.

PROSPECTS

Most analysts have predicted that the semiconductor industry is well-positioned for growth in 2010. Steadily-improving business trends throughout the second half of 2009 have led analysts to become bullish that the semiconductor equipment market will experience strong double-digit growth in 2010. They have even predicted that capital additions by companies in late this year may further ramp up demand in the semiconductor equipment industry into 2011.

Last year, the contribution of consumer electronics to the industry has once again been demonstrated, with improved consumer sentiment and demand being a major factor for the rapid recovery we have just witnessed. Semiconductor technology has become a key enabling technology for our modern lifestyles. Demand for consumer electronics will remain a major stimulus for growth for the near future.

In particular, the recent upswing in demand demonstrates the presence of a large group of consumers in China and elsewhere who are enthusiastically feeding the growth of consumer electronics to meet their lifestyle needs. These sources of demand should continue to drive prosperity in the coming years. The withdrawal of stimulus programmes to control the Chinese economy that is threatening to overheat is one possible drag to the pace of growth, but such withdrawal is likely to be at a measured and controlled rate.

The anticipated increases in corporate investment and business spending this year and infrastructure projects by the various governments will further support the nascent recovery in the global economy. Thus, the semiconductor industry is due to experience good times ahead, and the equipment industry should also be a major beneficiary.

Our confidence in the growing demand for LEDs in backlighting as well as general lighting has encouraged us to increase our range of equipment offered for LED applications beyond our present product line-up. By now, we almost have a full range of equipment to support the assembly of LEDs. We will further develop LED lead frames and packages for high-brightness LEDs. Our target is to become a total solution provider to the LED market in the near future.

ASM's management team has always sought to adopt a long-term business strategy that would enable the company both to ride on the crest of the good times and maintain its competitiveness and profitability. We will continue to adhere to our guiding philosophy of adopting long-term business strategies to strengthen our investments. These 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 providing customers with innovative, total packaging solutions based on ASM's equipment and lead frames to meet their ever-expanding new product requirements.

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 2009 except the following deviation:

The Company had 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.

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 2009.

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 2009 in conjunction with the Company's external auditor.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITOR

The scope of work of Messrs. Deloitte Touche Tohmatsu is as follows:

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 2009 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. Robert Arnold Ruijter as Non-executive Director 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, 24 February 2010